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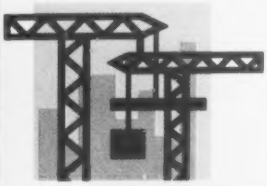
Spain In The 80's: A Perception That Became Reality

Asturias
Delegation

1990's American
Business Opportunities
In Spain

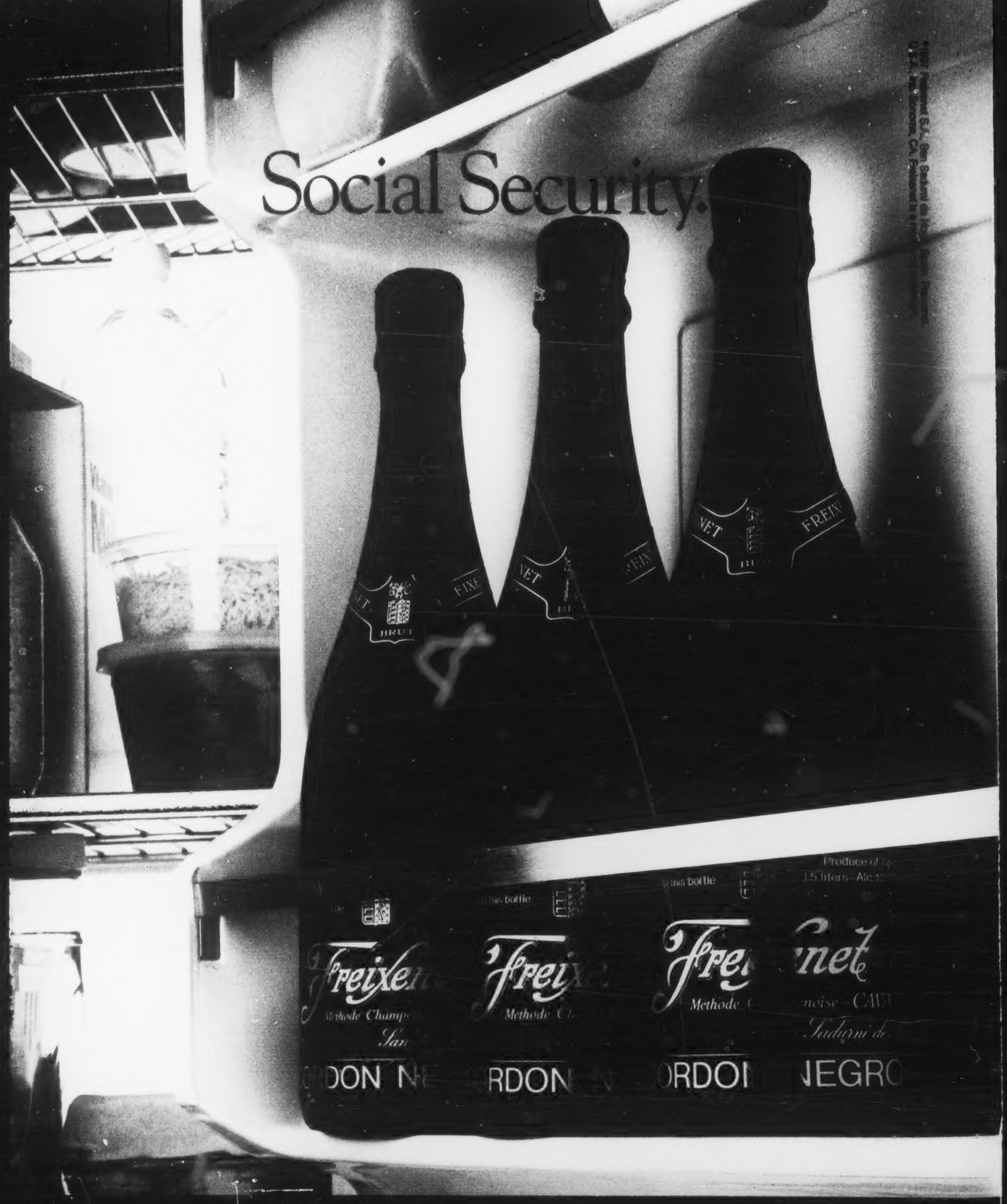


Growing Number Of
Olympic Sponsors

Hiring Of Senior
Executives In U.S.

$8.00

WINTER '89/'90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Contents

Winter 1989-1990 — No. 154

News and Features

EDITORIAL:

A New Decade in a Different World, *by Miguel Sebastiá*.......... 3

CHAMBER ACTIVITIES:

The E.C. and the New Economic Order for Latin American and Other Developing Countries, *an address by E.C. Commissioner Abel Matutes*......... 4

The Chamber organizes a visit by a delegation of government and business leaders from Asturias.......... 7

La Cámara firma acuerdo de colaboración con IFEMA.......... 8

Tarragona Retailers in New York.............11

COMMERCIAL OFFICE OF SPAIN

Programas promocionales de la Oficina Comercial de España en Nueva York......10

U.S.A. NEWS

Institutional Investor's International Investment Forum features Spain..........12

ZARA, successful Spanish sportswear retailer, opens New York store..........14

U.S. and Spanish specialty steel joint venture: Armco and Acerinox S.A.........14

Sánchez Ruipérez buys Editorial América, S.A., and affiliates...............15

Spanish restaurants form association.........15

The U.S. States enter the international marketplace, *by Wolfgang Welz*...........17

Spanish Firms on New York Exchanges......20

José Carreras y Amalia Lacroze de Fortabat reciben las medallas del Spanish Institute en cena de gala tradicional........68

SPAIN NEWS:

Spain in the Near Future........................22

Spain is in fifth place worldwide in reserves of foreign exchange.................23

Evolution of the Spanish economy in 1989..24

DuPont elige Asturias para nuevo complejo químico en Europa (DuPont selects Asturias for new chemical complex).......27

Inc. Magazine hosts Spainamerica '92, a Business Exchange, in Madrid............39

Spanish novelist Camilo José Cela awarded Nobel Prize for Literature........70

LEGAL:

Reforms in Spanish Mercantile Law "most important commercial legislation".........30

NAMES IN THE NEWS.......................37

1992 EVENTS:

Quincentenary Commission and Spain 92 Foundation Appoint Marketing-Licensing Agency..............................45

U.S. Olympic Committee Hosts Meeting of Corporate Sponsors.......................45

Josep Miguel Abad, CEO of COOB '92, speaks at International Sport Summit.....46

Six New Hotels for Barcelona..................49

Barcelona Olympics Will Open Doors for U.S. Business, *by Mary Beth Double*......50

U.S. Postal Service Becomes a Worldwide Sponsor of the 1992 Olympics...............54

Coca-Cola Sponsorship Guarantees $15 million for Seville's Expo '92...........56

La Fundación Spain '92 nace con viento a favor, *por Tono Martínez*..................58

EUROPEAN COMMUNITY NEWS:

Europe in the Nineties, *by Peter Doyle*.......60

"TV Without Frontiers" in the E.C...........61

E.C. and U.S.S.R. sign historic Bilateral Trade Agreement..................61

E.C. adopts 1992 Banking Directives.........62

Facing the Challenge of the Early 1990s: The E.C.'s Annual Economic Report.....64

ART MARKET:

Picasso Pastel Sells for $4.84 Million.........74

CORPORATE NEWS & COMMENTARY:

Domecq Importers establishes fine wine division, Domecq Estates..............32

Majorica: Un gran éxito en los EE.UU.......66

The importance of office design, *by Claudia Sherwood*.........................73

Business etiquette: Manners that matter, *by Barbara Bonetti*..................76

Hiring of senior executives reaches record levels in the U.S.A....................77

BUSINESS OPPORTUNITIES.............78

ULTIMA PAGINA: España en los 90: Una década para cambiar un siglo, *por Francisco Muro de Iscar*.................80

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EDITORIAL

A New Decade In a Different World

Just a few weeks ago Joaquín Muns, a brilliant economist and former Executive Director of the International Monetary Fund, commented that recent developments in Eastern Europe have brought an end to an era. These developments have aroused high expectations for a brighter future, but they start the long and difficult path toward an open economy.

Mr. Muns, a Spaniard, knows about the difficulties of improving a country not only politically but economically. Spain went through a transformation in the late '70s and '80s: Consolidation of the political system of democratic monarchy, opening the possibility of political parties succeeding each other in office, joining NATO, and integration into the European Community—including presidency of the E.C. held successfully by Spain during the first semester of 1989. Economically, Spain has become one of the most liberalized countries in Europe, a country where foreign investment is truly welcomed, as Malcolm Forbes said after a recent visit to Spain. The result has been steady growth, the greatest in the European Community during the past three years, along with impressive modernization in all sectors.

We are already witnessing huge United States investment in Spain, as well as modest trade relations in which the U.S. has a surplus. However, the new decade opens a different world—an even more competitive one, if that is imaginable.

The full integration of the European Community's twelve, the Universal Exposition in Seville, and the Olympic Games in Barcelona in 1992 are only future landmarks in the progress of a newly self confident Spain. In the '80s the stage was set for Spain's dynamic economic machinery to play a leading role in Europe. Now it is up to Spanish and American companies to venture forth jointly in the conquest of the Europe of the year 2000.

MIGUEL SEBASTIA

EC Commissioner Abel Matutes Addresses Luncheon

Old myths, including that of the "New Economic Order," have lost a decade of development in Latin America, EC Commissioner Abel Matutes tells a September 29th luncheon organized by the Chamber.

"The European Community and the New Economic Order for Latin American and Other Developing Countries" was the theme of a luncheon held on September 29th at the Pierre Hotel and organized by the Spain-USA Chamber of Commerce in cooperation with the Belgian-American, British-American, French-American, German American, Ireland, Italy-America, Netherlands and Portugal-U.S. Chambers of Commerce in New York, as well as the Delegation of the Commission of the European Communities in New York. The following is the address of H.E. Abel Matutes, Commissioner of the European Communities for Mediterranean Policy, Relations with Latin America, and North South Relations, who was the guest of honor.

Whereas the last seven years have been "fat cow" years for the industrialized economies of Asia, in other continents people will on average end up poorer in 1990 than in 1980: by 12 per cent in Africa and by 10 per cent in Latin America.

Who is to blame for the lost decade of development in Latin America, and what can be done to reverse the present trend?

Old myths are to blame and first among them is the so-called **"New Economic Order."**

The "New Economic Order" was a catch phrase to designate the political and economic demands of the South vis-à-vis the North in the early seventies. The first oil shock and the explosion in commodity prices seemed to provide the South with a new weapon, "commodity power" (which, in fact, had collapsed by the end of the decade).

The New Economic Order was based on a few key premises:

1. that the post-war economic system was designed for the benefit of the Industrialized Countries that dominate it:
2. that the only way the "Less Developed Countries" could improve their situation was by changing the system;
3. that growth in the South was dependent on growth in the North through the export prices set for the South's main commodity exports.

In order to substitute a New Economic Order for the existing one, the Less Developed Countries made three main demands:

a. First, they sought **commodity agreements** to stabilize prices, but with a view to making them (I quote an UNCTAD statement of 1976) "profitable for the producers and equitable for the consumers".

   In practice, this meant supporting artificially high prices by building-up buffer-stocks when the market was a sellers' one.

   Today, the emphasis is no longer on price stabilization, but rather on diversification away from commodities.

b. Second, they demanded **financial aid.** The developing countries fought to set the target figure for official development assistance at 1 per cent of Industrialized Countries' GDP. The Industrialized Countries currently give *only 0.35 per cent* of their GDP, which represents about

At the luncheon in honor of European Community Commissioner Abel Matutes are (L to R) Chamber President Ricardo Jové, Mr. Matutes, and Ambassador Miguel de Aldasoro, Consul General of Spain in New York.

1.4 per cent of Less Developed Countries GDP. Aid should certainly be increased and, above all, better used, but its impact will remain limited.

c. Finally, they wanted **unilateral trade preferences** for Less Developed Countries from Industrialized Countries. In other words, access to Industrialized Countries' markets that would not be matched by any corresponding opening-up of the Less Developed Countries' own markets. The Generalized System of Preferences was the Industrialized Countries' answer to this request for the special and preferential treatment which Less Developed Countries enjoy in the GATT.

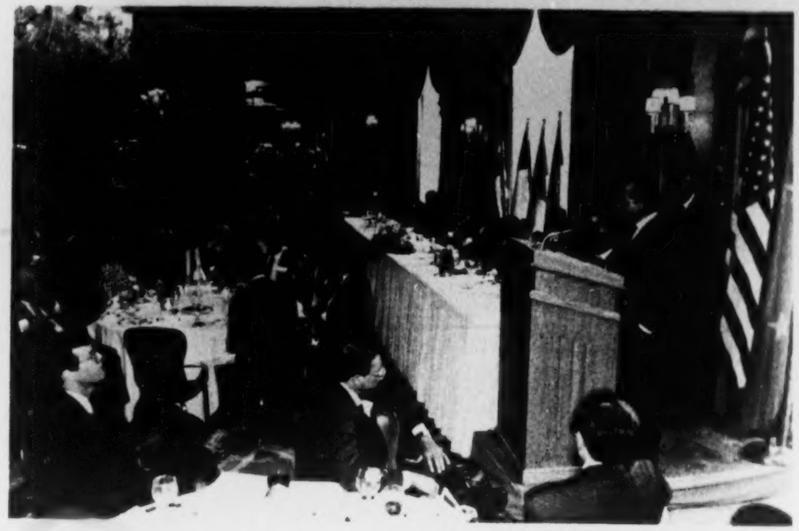
But, as illustrated by Africa and Latin America, trade preferences do not work when they are not backed up by good international trade specialization (i.e. more manufactured goods and services, less basic commodities) and by a competitive economy (which in turn depends partly on the degree of trade liberalization in the Developing Countries themselves).

Today the notorious New Economic Order advocated by the South in the mid-seventies is dead.

By contrast, other recent developments seem more promising:

First, mere dependence of the South on the North has been replaced by a complex form of interdependence between North and South. On the one hand; the Newly Industrialized Economies and ASEAN countries have emerged as main exporters of manufactured goods to US and European Community. Latin American debt problems, which have become less of a threat for major international banks, continue to have repercussions on Latin America's trade with European Community and US.

Second, some developing countries have found a way out of underdevelopment, and are pursuing autonomous growth policies based on industrialization and services. They are moving away from "import-substitution models" and rely on export-led growth. They are opening up to trade and investment. They have learned that, to be competitive on world markets, they must accept competition at home and buy their imports at the lowest possible prices.



Commissioner Abel Matutes addresses the large audience at the luncheon at the Pierre Hotel.

Third, unfortunately, not all developing countries have understood this, or if they have, they have not all been able to start.

- diversifying away from primary commodities;
- opening-up to trade and foreign investment;
- promoting domestic savings and investment within a stable macro-economic and policy environment.

This is particularly true for Latin America where success stories have so far been rare or fragile.

Latin America needs indeed a New Economic Order, but that New Economic Order begins at home.

What Should Latin America Do?

I think there is little we can do for Latin America if Latin Americans do not themselves move away from archaic social, economic and political structures and undertake to carry out the modernization of their continent.

In political terms, democracy is a must for Latin America because social change of such magnitude cannot be imposed. It calls for political support across the different countries. But democracy cannot work without intermediate political forces; political parties, trade unions, professional associations are the normal channels of dialogue between the people and its leaders. **Latin America must strengthen and diffuse the democratic culture deep in the social structure. The emergence of a middle class is the key to this process.**

Latin America should reduce the scope for state intervention in the economy and, at the same time, increase the quality of public services, set-out new priorities for them and improve their efficiency and their professional and moral standards.

Latin America should also rely more on the role of market forces for its development: domestic liberalization in order to do away with inefficiency and easy profits through competition and encourage the emergence of the middle class on the one hand; external trade and investment liberalization on the other in order to benefit from cheaper imports and from the flows of foreign capital, technology and know-how which are the only way for Latin America to catch up with its Asian and Industrialized Countries competitors on the world market.

These long-term policies need to be based on balanced and flexible macro-economic policies, the first priority of which should be to stop hyperinflation. Macro-economic structural adjustment is indispensable in this regard but it will not work unless it addresses the very causes of Latin American structural deficiencies: excessive protection, lack of fiscal resources, over-extension of the role of the State, income inequalities.

It is only by recreating a stable economic and monetary environment

> "Latin America is at the crossroads: either it moves forward to the 21st century or it slides back into the 19th century."

and by showing new growth prospects that Latin America can stop and reverse the flight of capital which reflects the lack of confidence of Latin Americans in their own countries.

What Should The Industrialized Countries Do?

After the 1982 Mexico crisis, the USA has been swift, first in taking emergency action, then in launching the Baker Plan, which Japan and the European Community countries have endorsed and backed up and some of the basic ideas of which are still valid: Emphasis on the necessity for Latin America to grow out of indebtedness through structural adjustments; necessity of a case by case approach; and co-responsibility of all actors involved, i.e. debtors and creditors, governments bilateral instructions and commercial banks;

The Baker Plan saved time for our financial institutions which today are better prepared to confront an effective default by the debtors.

Now the Brady proposals focus, very sensibly, on debt reduction or debt service reduction.

But looking at the Mexico deal, I doubt that the balance between debt reduction and new money will be sufficient to relax the external financial constraint that is threatening the valuable efforts undertaken by the Salina administration. The Brady concept is basically right but it lacks the mechanisms to get all banks on an equal footing in the burden-sharing of the debt reduction scheme and it lacks the resources to implement it on a significant scale. The main bottleneck for additional resources is here in America, because of the current budgetary crisis of the USA.

So what should we, the Industrialized Countries, do to support the modernization of Latin America?

First, relax the financial constraints. Capital flight must be reversed and debt service alleviated. Debt service reduction calls for an effective implementation of the Brady proposals which presupposes resources and fair burden sharing among banks. The Brady concept will not work even if it is properly endowed, if interest rates do not come down. This calls for rapid and sustained reductions in the US budget deficit and for savings-incentives in the US economy to accelerate the process of winding down the unsustainably large US external current account deficit.

Secondly, opening up the markets. Access to markets is essential for Latin America.

The Uruguay Round provides us with a timely opportunity to get rid of most of these obstacles in sectors of particular importance for Latin America: agriculture, textiles, tropical products, steel and so on.

Latin American countries have to make their own contribution to trade liberalization, not only to get concessions from the Industrialized Countries, but above all in their own interest, since their over-protection has proved very damaging in the past.

Thirdly, maintain growth. On the one hand, the US economy must slow down and Americans must save more: there is no effective, long-term substitute for such adjustments. On the other hand, these adjustments must be carried out in full consultation with America's partners so that world economic growth does not suffer in the process. Meanwhile, our economies are already moving in this direction — but much more needs to be done. Economic growth in the EC is accelerating to over 3 per cent, and so is EC import demand. In Japan growth now averages 5 per cent. The 1992 single market has already sparked off a wave of investment and reorganization and will undoubtedly boost both economic growth and import demand.

Latin America At The Crossroads

Latin America is at the crossroads: either it moves forward to the 21st century or it slides back into the 19th century. It is the responsibility of Latin American leaders to take the right option.

It is up to us to help them to turn their efforts into success stories that would trigger off a continent-wide modernization process.

For the EC, Latin America cannot become a forgotten continent. The links between Latin America and Europe are too deep and too strong to let those countries sink in underdevelopment. The European Commission and the governments of our Member States have decided to give a new impetus to economic cooperation with Latin America. I am confident that this, along with US support and hopefully Japan's financial resources, will contribute to the long awaited renaissance of Latin America. ☐

(L to R) Ambassador Landau, Chairman of the Americas Society; E.C. Commissioner Abel Matutes; and Ricardo Jové, President of the Chamber.

Delegation from Asturias Visits New York

The Chamber organizes the visit of a Delegation of governmental and business leaders headed by the President of the Principality of Asturias

The Spain-USA Chamber of Commerce organized a visit of an official delegation of the Principality of Asturias from November 13th to November 17th. The delegation consisted of an institutional representation led by the President of the Autonomous Government of the Principality of Asturias, H.E. Pedro de Silva, and a business delegation of high executives of the most prestigious Asturian companies. Both representations had prepared a schedule of activities according to their needs.

Some main events in the general schedule of the whole delegation included:

- Wednesday 15th—The delegation was received at the Banco Central headquarters by Mr. Antonio Campos, president. After the reception, the delegation attended a lecture about "Doing Business in the U.S." given by a representative of the International Trade Consulting Service of the American Express Bank.

During the evening, the delegation was presented at the Spanish Institute and enjoyed a cocktail party.

- Thursday 16th—At the Port Authority, the delegation was received by

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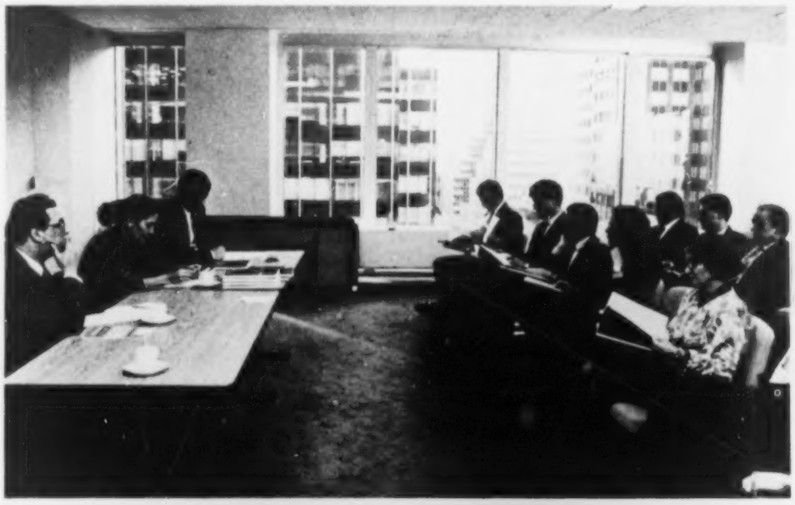

Working and learning sessions (above) were supplemented by luncheons and receptions for the Asturian delegation.

Above (L to R) President Pedro de Silva of the Principality of Asturias, Mercedes Mestre, and Joaquin de la Infiesta, Commercial Counselor of Spain in New York.

President Pedro de Silva.

ASTURIAS DELEGATION

(CONTINUED FROM PAGE 7)

Mr. David Gutierrez, representative of the Trading Division who explained the port regulations.

- Friday 17th—At the Manufacturers Hanover Trust, Mrs. Bonnie Hoskins, vice president, directed a seminar on legal aspects of doing business in the U.S.

During the afternoon, President Pedro de Silva visited the New York Stock Exchange where he received detailed information about that institution. ☐

Paz Fernández (right), Asturia's Minister of Commerce and Tourism, talks with Jonathan Kandell, Assistant Editor of *The Wall Street Journal*.

INSTITUTIONAL DELEGATION

Mr. Pedro de Silva	President of Austurias Principality
Mrs. Paz Fernández Felgueroso	Commissioner of Tourism, Industry and Trade
Mr. José Luis San Miguel	President of the Society for Regional Promotion
Mr. Nicanor Fernández	Chief of the Presidency, Cabinet of the Principality
Mr. Juan Ovejereo	Institute of Regional Development
Mrs. Ana Casino	Institute of Regional Development
Mr. José Antonio Coto	President of the Chamber of Commerce of Oviedo
Mr. Felipe Fernández	General Director of Economy

BUSINESS DELEGATION

Mr. Luis Moro General Manager	MANTOVA (Exporter of men's swimwear, manufactured cotton and polyamid)
Mr. Diego García-Rovés Export Director	
Mrs. María José Moro Design Director	
Mr. José Castro Alonso Executive Director	FRIGORIFICOS BASILIO (Exporter of fresh and frozen fish; Manufacturer of industrial freezers)
Mr. Joaquín Cortina Executive Director	TALLERES ZITRON (Manufacturer of mining machinery, pumps, winches, drills and fans)
Mr. Guzman Menéndez General Manager	MEFASA
Mr. Jesús Serafín Pérez Executive Director	AGUAS DE FUENSANTA (Distributor of mineral water)
Mr. Eduardo Alvarez Lastra Delegate in New York	ENSIDESA (Siderurgical firm)
Mr. Ramón Riesco Assistant to Executive Director	EXPORTASTUR (Official agency in charge of promoting exports from the Principality of Asturias)
Mr. Luis Orejas President	GRUPO OREJAS

La Cámara firma acuerdo de colaboración con IFEMA

La Cámara de Comercio ha firmado un acuerdo con la Institución Ferial de Madrid por el que se crea un servicio de promoción de los certámenes madrileños en la Cámara que estará atendido por una persona con dedicación exclusiva a esa función.

El acuerdo que ha sido firmado igualmente con las otras Cámaras de Comercio Españolas en Europa supone un paso importante en la colaboración entre las Cámaras de Comercio Españolas en el Extranjero y las Ferias Españolas para la promoción y comercialización de certámenes españoles.

IFEMA invitó a pricipios de julio a los Secretarios Generales de las Cámaras Europeas y de Nueva York a una visita a Madrid donde mantuvieron reuniones con la Dirección de IFEMA y de los diferentes certámenes que se celebran en la Institución Madrileña. Visitaron igualmente las obras del nuevo recinto ferial que se espera que estén terminadas en 1991.

El Director General de IFEMA, D. Manuel Coronado presidió las reuniones acompañado del Subdirector General, D. Manuel Sarti, la Directora Comercial, Dña. Rosina Gómez-Baeza, y todos los demás directores de departamento y certámenes.

El Presidente de la Cámara de Comercio de Madrid, D. Adrián Piera, ofreció un almuerzo a los visitantes en los locales de la Corporación.

El acuerdo alcanzado forma parte del plan de creación de una red comercial internacional para los nuevos recintos de la Institución Ferial Madrileña.

IFEMA tiene previsto en un futuro próximo firmar acuerdos de colaboración con Cámaras de Comercio Españolas en América Latina. ☐

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CENTRO DE MODA

NAMSB. La Oficina Comercial a través de su Centro de Promoción de Moda ha realizado un programa para potenciar la participación Española en la feria NAMSB del 22 al 25 de Octubre de 1989 de 12 firmas de confección masculina.

El pabellón cubrió aproximadamente 3,000 pies del Javits Convention Center de Nueva York. Entre las acciones de promoción se hizo un "mailing" dirigido a detallistas; publicidad genérica en *DNR Monday (Daily News Record)* del número del 16 de Octubre y en el directorio oficial de la NAMSB; carpetas de prensa; relaciones públicas dirigidas a los editores y directores de las publicaciones de moda masculina más importantes de este país incluyendo el envio de unas cestas con productos españoles, carpeta de prensa y poster con logo "Spain is in Fashion"; distribución en la feria de unos obsequios de promoción entre los compradores que visitan el pabellón Español. Un modelo masculino ha sido contratado para recorrer el recinto ferial vestido con la ropa de los fabricantes Españoles invitando a los compradores a visitar nuestro pabellón.

Promoción DNR. El pasado 23 de Octubre, se celebró en Nueva York un seminario organizado por *Daily News Record* con motivo de orientar a detallistas Americanos sobre las colecciones de primavera/verano 1990 de confección masculina europea. Durante la conferencia se proyectó un video de los desfiles presentados en Barcelona, Milan, París. Unos 500 profesionales acudieron a la conferencia que tuvo lugar en Fashion Institute of Technology (F.I.T.). La veterana redactora de *DNR*, Clara Hancox que preparó el video, comentó sobre las colecciones que vió en Gaudi-Hombre de Barcelona. Se referió a las colecciones de Armand Basi, Gene Cabaleiro, Pedro del Hierro, Roser Marce, Antonio Miró, Rafa Teja, José Tomás y el grupo de diseñadores gallegos. En sus comentarios Ms. Hancox hizo destacar el espiritu vanguardista de los diseñadores españoles. *DNR* promocionó el evento con varios anuncios de una página entera en que se mencionaban tanto los datos del evento como sus patrocinadores. La revista asimismo remitió invitaciones a los detallistas y ofreció un desayuno antes de comenzar el evento.

International Kids Fashion Show. El pasado 22 al 25 de Octubre se celebró, en el recinto ferial Jacob Javits Convention Center de Nueva York, la feria de confección infantil, International Kids Fashion Show, con la participación, coordinada por la Federación Española de Empresas de la Confección, de 12 firmas Españolas.

Se ha organizado un desfile de confección infantil Española dentro del area alquilada por el grupo. Tanto el desfile como la participación Española han sido promocionados en la revista *Children's Business* de Octubre. Dicha publicación se encargo de la producción el desfile.

Presentación de calzado. El Centro de Moda organizo el pasado 3 de noviembre, en el Hotel Plaza, una presentación de las novedades del calzado Español para la próxima temporada primavera/verano.

Aproximadamente 60 editores de la prensa especialzada en moda acudieron al Terrace Room Foyer del Plaza para presenciar la exhibición de zapatos que se habia efectuado por grupos en diversos lugares del salón así como en pases de modelos en vivo.

Durante el acto que duro 2 horas, se sirvio un buffet-desayuno con el acompanimiento de un pianista clásico.

La presentación tuvo muy buena acogida por parte de los asistentes. A cada uno de ellos se les entrego una carpeta de prensa y una bolsa obsequio con productos Españoles.

FFANY. Participaron en la feria de calzado de pre-selección, FFANY de Nueva York, 12 firmas Españolas coordinadas por CAVEX. La feria tuvo lugar del 3 al 6 de diciembre en el Hotel Omni Park de Nueva York.

CENTRO DE PROMOCION DE VINOS

Campaña promocional de Brandy de Jerez, Solera Gran Reserva. Después de largas e intensas negociaciones ocho prestigiosos productores Españoles de Brandy de Jerez han lanzando en el mes de Octubre una campaña publicitaria que durará cinco años, encaminada a promover ocho de sus brandies de clase mundial y conocidos como Brandy de Jerez, Solera Gran Reserva.

Las ocho marcas participantes son: Cardenal Mendoza de Sánchez-Romate, Carlos I de Pedro Domecq, Conde de Osborne de Osborne, Gran Capitán de Bobadilla, Gran Duque de Alba de Díez-Mérito, Gran Garvey de Garvey, Lepanto de González Byass y Terry Primero de Fernando A. de Terry.

Los anuncios publicitarios contienen reproducciones de arte de genios de la pintura Española y reforzarán la imágen Española como país donde nació el brandy con una tradición de más de 1000 años en su producción.

Organizados y coordinados por el Centro de Promoción de Vinos de España, también se han llevado a cabo a lo largo del mes de Octubre seminarios y degustaciones en apoyo de esta campaña.

Se publica la Guia de Vinos Españoles para 1990. Recientemente se ha publicado la "Guia de Vinos de España 1990". La Guía cuenta con una elegante presentación y esta divida en cuatro secciones, una para cada estación del año, aportando en cada una de ellas una extensa información sobre las diferentes combinaciones de recetas culinarias, vinos y grandes ideas para todas las ocasiones.

La Guía, de 24 páginas de extensión a todo color, fue insertada en el mes de Octubre en importantes publicaciones nacionales como el *New York Times* el *Boston Globe*, etc., alcanzando la cifra de 1.6 millones de ejemplares.

Campaña publicitaria de vinos de Rioja. Por tercer año consecutivo, ha comenzado la campaña publicitaria de vinos de Rioja para 1989/90, con un programa que incluirá anuncios tanto para el consumidor como para el comerciante, en publicaciones como *The Wine Spectator, The New York Times, The Boston Globe,* y *The Miami Herald.*

Bajo el titulo "Como llegar a ser un excelente anfitrión" ("How to label yourself an excellent host"), los anuncios en revistas del sector pretende educar al consumidor sobre los únicos e inigualables sabores que los vinos de Rioja pueden ofrecerles a ellos y a sus invitados.

Los anuncios en blanco y negro de los periodicos se centran en la idea de que los vinos de Rioja, tan conocidos en Europa, se estan convirtiendo en clásicos en Estados Unidos. Cada anuncio describe cada uno de los ocho Riojas que participan en la campaña: Campo Viejo, Glorioso, Herencia Remondo, Marqués de Arienzo, Marqués del Puerto, Montecillo Viña Monty, Paternina Banda Azul, y Viña Pomal.

CENTROS DE PROMOCION INDUSTRIAL

Según el Plan Objetivos y Programas 1989 del Instituto de Comercio Exterior (ICEX) se ha establecido en la Oficina Comercial de España en Nueva York a partir del primero de Noviembre de 1989, un Centro de Promoción de productos Industriales y Tecnología con jurisdicción en todo el territorio de los Estados Unidos. Al frente de este departamento y dependiente del Consejero Comercial está el Sr. José Antonijuan, ingeniero industrial proveniente de la industria privada. El departamento a su vez dispone de un subdirector, Sr. Andreu Mateu y dos auxiliares técnico-administrativos.

Dicho Centro de Promoción tiene unas funciones generales de apoyo al exportador junto con otras más específicas que se deducen de un marco general promocional y estrategias de penetración de mercados. Los Centros de Promoción son órganos directivos para el diseño, en colaboración con el ICEX, y la ejecución de los bloques de instrumentos de comunicación y de estructura de apoyo a redes comerciales.

Dentro de la responsabilidad del Centro de Promoción de Bienes Industriales y Tecnología de la Oficina de Nueva York se han identificado los siguientes sectores a los cuales se les va a dar prioridad:

- Maquinaria Agrícola
- Electrónica
- Rocas Ornamentales
- Maquinaria Textil
- Maquinaria para Construcción y Obras Públicas
- Maquinaria de Transporte (automoción y ferroviario)
- Tecnología y Proyectos

Debido a que existe una tradición histórica la Oficina Comercial de Chicago continuará con la responsabilidad de la promoción de la Máquina Herramienta.

Como punto final cabría destacar uno de los sectores que este Centro de Promoción le dedicará un particular interés y que es peculiar al campo industrial y tecnológico. Este es el sector de Tecnología que incluye entre otros, programas de transferencia de tecnología y participación de la industria española en proyectos "llave en mano" para terceros países. ☐

Second Annual Culinary Week of Spain Brings Authentic Spanish Cuisine to New York

The Second Annual Culinary Week of Spain brought the best and most authentic Spanish Cuisine to New York from October 29th through November 4th.

Nine of Spain's culinary regions were showcased at eight of New York's finest Spanish restaurants, with menus and wine lists created exclusively for this occasion. The event was sponsored by the Commercial Office of Spain and the Tourist Office of Spain in New York, and all of the restaurants were members of ADREUSA, the Association of Spanish Restaurants in the U.S.A.

The restaurants and regions were:

ALCALA—Andalucia & Murcia
349 Amsterdam Avenue, NYC
(212) 769-9600

CAFE SAN MARTIN—Valencia
1458 First Avenue, NYC
(212) 288-3521

EL FARO—La Rioja
823 Greenwich Street, NYC
(212) 929-8210

EL POTE ESPAÑOL—Galacia
718 Second Avenue, NYC
(212) 889-6680

HARLEQUIN—Asturias
569 Hudson Street, NYC
(212) 255-4950

LA CARABELA—Castile
314 East 39th Street, NYC
(212) 689-6388

PARADIS BARCELONA—
Catalonia
145 East 50th Street, NYC
(212) 754-3333

TORREMOLINOS—
Basque Country
230 East 51st Street, NYC
(212) 755-1862

CHAMBER ACTIVITIES

Group of Retailers from Tarragona Visits New York

A small business group of retailers visited New York from Tarragona, Spain this past Fall. These executives met with other retailers in New York and discussed distribution ideas and the promotion of small business.

They visited shopping malls and other retail outlets to gain insight on U.S. retail marketing. The Spain-USA Chamber of Commerce encourages other Spanish entrepreneurs and investors to explore the U.S. opportunities through these specialized trade exchanges.

U.S.A. NEWS

Spain Makes a Splash Among Institutional Investors

Institutional Investor's annual International Investment Forum devotes an entire morning session to Spain's success story.

Spain had the spotlight at the International Investment Forum held on November 29th at the New York Grand Hyatt. Hosted by *Institutional Investor* magazine, this annual event brings together companies and country funds that represent some of the hottest investment opportunities worldwide.

This year, the entire morning session was devoted to Spain's success story. The presentation was led by Robert Maxwell of Maxwell y Espinosa, S.A., one of Spain's leading international research-led stockbrokers. Maxwell emphasized the growing Investment opportunities in Spain since "El Big Bang"—the deregulation of the Spanish stock exchange that began in July.

Maxwell also shared the latest information on Spain, depicting it as "a country of 38.5 million inhabitants, 1.5 million full-time foreign residents, and 51 million tourist entries. A country where one and a half million new jobs have been created in the past four years; where only one in three women work; where only one in ten of the employed are union-members; and where the black market probably equates to 20% plus of the legitimate economy and roughly 650,000 undeclared jobs (where unemployment is overstated by roughly 4-5%); where labor costs are half of Germany's."

"Disposable income per capita has risen by over 12% per annum for the past four years; one in every eight adults has bought a new car within the past two years; over 600,000 people are waiting seven months plus for a telephone line. Spain is the world's largest producer of short fibre pulp; the country with the largest area under vines in the world; the EEC's largest producer of rice; Europe's third largest car manufacturer (outstripped Italy in 1989). The country has retooled and regenerated industrial plant more quickly than Korea over the past four years—40% of industrial plant is under four years old; the country is currently building 2.2 km of new motorways per day at present—3,300 km of new motorway will have been reconstructed between 1988 and end 1991; a further 9,400 km of roadway will have been reconstructed or widened over the same period." In other words, Spain's infrastructure and productivity are scrambling to keep up with internal demand.

Maxwell then introduced Javier Fega de Seone Azpilicueta, President and Chief Executive Officer of Ercros. This company, recently formed through the merger of S.A. Cros and Unión Explosivos Río Tinto, S.A., has become the largest Spanish chemical conglomerate, setting an important precedent for its industry (and others) to compete in an international arena.

Delegates also had a chance to hear from Ricardo Vega, Executive Vice President of Bankinter, the bank founded in 1965 by Banco de Santander and Bank of America. Mr. Vega discussed the current growth opportunities available to innovative medium-sized industrial banks like itself.

Representing another industrial heavyweight, Mr. Jorge Nuñuz y Lasso de la Vega, Chief Executive Officer of Grupo Torras, S.A., explained the group's present strategy. Already the third largest industrial group in Spain, it operates across four key industrial sectors—food, paper, chemicals and services—and is considering aggressive international expansion.

These presentations met with an enthusiastic audience. Juan Piera, Account Officer at Banco Bilbao Vizcaya in New York, said he thought the presentations were "good because even people familiar with Spain could learn useful details about certain companies and markets."

Later the keynote speaker, Daniel Burstein, author of *Yen! Japan's New Financial Empire and its Threat to America*, referred to Japan as ". . .the Spain of Asia," because of its continuing growth prospects.

Institutional Investor will be hosting a conference in Madrid in April for Chief Financial Officers of leading companies operating in Spain. Now in its second year, the Spanish Financial Executive Roundtable offers one hundred carefully selected senior executives a chance to focus on the most significant economic and political developments in Spain and Europe, as well as on specific strategic, financing and investment options. ☐

Main Economic Indicators

Percentage Real Growth

	1986	1987	1988	1989f	1990e
Private Consumption	3.6	5.5	5.8	5.5	4.9
Public Consumption	5.7	8.7	4.6	4.5	4.5
Gross Investment	14.7	17.3	14.8	14.0	14.2
Domestic Demand	6.1	8.5	7.6	6.9	6.5
Exports of Goods + Services	1.3	5.9	7.2	5.2	6.0
Imports of Goods + Servces	16.5	20.4	19.0	16.9	16.2

Source: *Maxwell y Espinoza, S.A.*

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U.S.A. NEWS

Successful Spanish Sportswear Retailer Opens New York Store

New York's busiest retail corner, Lexington and 59th, acquired a Spanish accent when the doors of the new ZARA store officially opened on September 26th at 750 Lexington Avenue.

ZARA, a successful Spanish retailer of trendy men's, women's and children's sportswear, specializes in coordinated separates, with sales figures that have doubled since 1986. The New York opening, the first stage of the company's international expansion plan, brings ZARA's lively Spanish flair to the New York fashion scene.

All ZARA fashions are designed and produced exclusively for the retail chain by the consortium of 23 textile and apparel manufacturers that, with the retail operations, comprise the ZARA Group. Typically, ZARA Group can turn out new garments for men, women or children, from design to delivery, in just 12 days. This flexibility is Zara's hallmark, combining trend and style awareness with highly efficient production.

The ZARA production strategy assures a constant supply of up-to-the-minute designs and a constantly changing display floor in the stores. Plans call for new merchandise to arrive weekly from Spain to the New York store's Lexington Avenue location.

ZARA is also repeating its successful style of customer presentation in the New York store. Coordinating pieces, such as pants, skirts, and shirts, are grouped together in display and rack units throughout the floor to promote "hands-on" browsing. In this way, a shopper is encouraged to put together an entire outfit from one area of the store, guided by the displays. All the ZARA stores, here and in Europe, are carefully designed to take the best possible advantage of the retail space and create an inviting, relaxed shopping environment.

ZARA's New York store is located in a dramatic new building on a high-traffic midtown corner. It occupies 10,000 square feet, with 225 linear feet of two-tier window display at street level. The interior, designed by ISD Incorporated, features a series of steel bridges bordering the upper level of the store to create an innovative stage for the display and storage of merchandise. The decor combines naturally-finished materials to create a clean neutral backdrop for the store's colorful clothing. The store environment emphasizes the sense of openness and expansiveness, encouraging free and easy access to both levels of the store.

The ZARA store in New York initially offers only women's clothes, with chic European styling and equally attractive price points. ZARA International, Inc., the U.S. arm of ZARA Group, will be responsible for all North American operations for ZARA. ☐

Una novedosa introducción en el panorama de la moda neoyorquina es la nueva tienda ZARA Internacional, situada en el 750 de la Avenida Lexington. Una combinación de atractivos maniquíes y unidades móviles despliegan los modelos de elegante estilo europeo en puentes de acero que forman innovadoras plataformas de exhibición a traves de la tienda.

U.S. and Spanish Specialty Steel Joint Venture

Armco Advanced Materials Corp., Butler, Pa., has announced that it has agreed in principle to form a joint venture with Acerinox SA of Madrid, Spain, for a greenfield stainless steel finishing plant in the United States, making the Armco Inc. subsidiary the first specialty steel producer to form a joint venture with a foreign steelmaker.

In addition, a separate agreement between the two producers calls for a joint venture to process and market straight chrome grades of stainless sheet and strip for the European automotive exhaust system market, Armco said.

Armco siad the U.S. finishing plant, which has no location yet, will be built at a cost of $150 million and be able to produce chrome-nickel grades of stainless sheet up to 60 inches wide, thus making it the second domestic producer of hseet in that width. The mill also will be able to produce 48-inch-wide sheet, Armco said. ☐

Sánchez Ruipérez Buys Editorial América, S.A. and Affiliates

Germán Sánchez Ruipérez, an internationally known entrepreneur in the publishing industry, has recently acquired the shares of Editorial America, S.A. and its affiliates from Bloque Dearmas (the Dearmas Publishing Group). Editorial America and its network of affiliated companies, with operations expanding throughout most countries of the American continent, is involved in publishing and distribution activities especially periodical publications (magazines), publishing in Spanish over fifty (50) titles, including Vanidades Continental, Cosmopolitan en Español, Buenhogar, Harper's Bazaar en Español, Hombre de Mundo, Mecanica Popular, Ideas Para su Hogar, Tu, Geomundo, TV y Novelas, Walt Disney Comics, Harlequin Romance Novels, Condorito and Almanaque Mundial.

The combined circulation of Editorial America's titles exceeds 100 million copies annually, distributed through its own sizeable distribution network covering most countries in Latin America, as well as the Hispanic Market in the United States.

The Company's corporate headquarters are located in Miami, Florida, with important publishing and distribution companies situated in most of the Latin American Countries.

Editorial America, S.A. and its group of affiliated companies, which has heretofore been known as Dearmas Publishing Group, will operate under the name of America Publishing Group, Inc., except in the case of Venezuela where Bloque Dearmas will continue to operate its independent businesses and, in addition, will provide Editorial America with printing, distribution and advertising representation services in Venezuela, pursuant to the agreement between the parties.

Germán Sánchez Ruipérez will serve as Chairman of the Board of America Publishing Group, Inc. The operations of the group will be directed by Gustavo González, as Executive Vice President and Chief Operating Officer. All other executives of the company have been ratified and confirmed in their current positions, including Guido M. Alvarez as Vice President and Director of Advertising Sales, Manuel Blanco as Vice President and Chief Financial Officer and Mario Palacio as Vice President of Promotion. Alberto R. Abdo has been named Vice President of Marketing.

Germán Sánchez Ruipérez is founder and President of the Anaya group of companies in Spain, the parent company of which is Grupo Anaya, S.A. which recently went public and its shares are presently being traded in the Madrid and Barcelona stock exchanges with much success.

The personal acquisition of Editorial America by Mr. Sánchez signifies a definitive step in the goals and objectives of this successful Spanish publisher and entrepreneur, firmly establishing his presence within the Spanish speaking markets and effectively consolidating his international position in the world of publications and communications. ☐

ADREUSA

Spanish Restaurants Form an Association ANDREUSA

ANDREUSA, the Asociación de Restaurantes Españoles en USA (Association of Spanish Restaurants in the USA) has recently been formed to heighten America's interest in the rich diversity of foods and cuisine from Spain, according to Ramón San Martín, the new organization's president.

"We believe that Spanish cuisine provides the most tangible experience in America of the culture and traditions of Spain," says Mr. San Martín. "Accordingly, our restaurants must play the role of ambassador, representing the best of Spain in America.

"Moreover, our collective talents and services are available to support the promotion of all Spanish food products in this country." ☐

McDonald's Announces Plan to Recycle Plastic Containers

For years, McDonald's slogan has been "You deserve a break today." Last week, the company gave the environment a break in announcing a plan to recycle plastic hamburger containers and other food packaging from 100 of its restaurants in New England. The $16 million programs, launched in conjunction with the National Polystyrene Recycling Company, a consortium of plastics producers, will eventually be expanded to McDonald's restaurants around the country.

More than 57 billion pounds of plastic are produced each year, 13 billion for food packaging alone. Only 1 percent is now recycled, although almost anything that is made of plastic, from boat hulls to garbage bags, can be made from recycled material.

Other companies are getting into the recycling act, too. Earlier this year, DuPont entered into a joint venture with Waste Management, Inc., the largest trash hauler in the country.

In the past, industry saw little reason to collect plastic trash and get it to a processing plant at considerable cost. But with recycling laws now on the books in two states and dozens of municipalities—and more expected soon—the fledgling plastic-recycling industry is about to take off. Experts expect that by 1995 more than 50 percent of soft-drink bottles and 25 percent of food packaging will be recycled. Robert Bennett, associate dean of engineering at the University of Toledo, estimates that the roughly $50 million plastics-recycling market could be worth about $360 million by 1994. If the movie "The Graduate" were made today, the suburban sage would have two words to say to Dustin Hoffman: "Recycled plastics." ☐

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U.S.A. NEWS

From Ohio to Brussels: The U.S. States Enter the International Marketplace

State-level economic development programs aim to attract foreign companies and investment.

By Wolfgang Welz
Courtesy of *"Europe"* magazine.

For more than 50 years, the stewardship of economic growth and prosperity in the United States was firmly in the hands of the national government. Americans turned to Washington for economic leadership, and the state economies received healthy injections of federal dollars. State government was regarded, with some validity, as unprofessional and unwilling to tackle economic problems.

By the mid-1980s, however, this picture had changed dramatically. Facing double-digit unemployment levels and major federal cutbacks, the states reformed and strengthened their political and economic institutions. Specifically, they initiated numerous economic development programs to make themselves economically more competitive and to establish an environment that would help create and maintain jobs in the private sector. Gradually, the decade saw the focus of economic activity shift to the federal states, which, it seemed, were becoming "infused with an entrepreneurial spirit," as Carl Van Horn observed in his most recent book, *The State of the States.*

A relatively new aspect of state activism has been its focus on the international marketplace as states seek foreign investment and promote exports. Increasingly, state governments are serving as brokers and public relations agents for their home-state businesses.

In 1987, for example, 48 states conducted trade missions overseas, often led by the governor, and including state business leaders as well as the staff of the state's economic development agency. Nationwide, spending by state development agencies to promote exports and attract investment grew from over $21 million in 1984 to over $62 million in 1988.

According to the National Association of State Development Agencies (NASDA), all 50 states currently have some type of trade development program, whose 1988 budgets ranged from $18,000 in Vermont to $10.4 million in California. Florida, Illinois, Michigan, New Jersey, New York, Ohio, and Oregon reported spending more than $2 million annually. Average state spending on trade development programs was $1.3 million.

State export promotion efforts usually concentrate on international marketing assistance services. The scope of these services spans the gamut of sponsoring international business conferences and workshops, distributing promotional literature, exploring foreign markets, matching domestic and foreign businesses with mutual interests by pursuing trade leads, and taking companies overseas through trade and catalog shows.

Most state trade development programs also place a heavy emphasis on overseas offices. Currently, 40 states spend about $200,000 annually on a total of 112 foreign offices in 17 different countries. Each office has an average of 13 staff members.

Additionally, the states have taken a variety of approaches to provide access to working capital, insurance, and export credit for individual businesses. At least 15 states operate export finance agencies, often linked to the U.S. Export-Import Bank. Indiana, for example, amended an existing financing program to include exports, and the Illinois state government sold $15 million in taxable bonds to fund its export financing program.

The creation of the California World Trade Commission (CWTC) is a particularly interesting example of the different tools used by the state governments to improve and implement state trade policy, since it is the first independent and quasi-public state agency created solely to promote international trade. The CWTC has a generous budget of $2.2 million (proposed for the forthcoming fiscal year), more than what any of 42 states spend on their entire export promotion programs. This makes the CWTC, which has offices in London and Tokyo, California's leading trade agency. Both its generous funding and the fact that the function and activities of the state international trade office have been removed from the normal state bureaucracy have provided the CWTC with some institutional flexibility that could be a critical element of its success.

Although the United States is the E.C.'s key trading and investment partner, the Far East is the most popular location for state foreign offices. There are 47 separate state offices, including 27 in Tokyo alone. The number of state offices in the E.C. is 32, including 10 in Brussels, seven in London, and six in Frankfurt. Currently, however, most of the states that are considering the establishment of additional offices are still looking to the Far East to expand their markets.

Nevertheless, the coverage of "Europe 1992" in the American media, and the recognition of its importance, is increasing stronger. It can therefore be expected that U.S. state government interests and activities in this region will expand further, especially as U.S. exports represent an area of untapped potential. At present only 10 percent of the 250,000 manufacturing firms in the United States are engaged in export trading, although as many as 200,000 more companies may have products or services with export potential, according to calculations by the U.S. Department of Commerce.

The recent emergence of state trade promotion efforts as an economic de-

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WOLFGANG WELZ is a visiting fellow at the Urban Institute in Washington, D.C.

velopment activity grew out of the more traditional business development efforts to attract foreign investment. While the primary goal of export promotion is to support existing industry, new business can be recruited by foreign investment. Just as with domestic recruitment, the success of attracting foreign investors depends largely on incentives and reasonable land prices, convenient transportation facilities, and favorable tax rates or low-interest loans.

The commitment of state governments in offering such incentives to encourage foreign companies relocate in their area is quite impressive. Wyoming, for instance, has issued a $10-million loan program, while South Dakota has provided $40 million in low interest rates to attract new firms. Several Midwestern states have instituted job training programs to increase the attractiveness of their work force, and in South Carolina, prospective employees for a new British-owned facility were sent to the foreign plant to train at the state's expense.

According to the U.S. Department of Commerce, the value of foreign-owned property, plants, and equipment in the United States was $328 million in 1988, and accounted for 3 million direct jobs. In this context, Texas topped the list in terms of foreign investment dollars, while California had the lead in the number of jobs. **Contrary to what most Americans believe, Japan is not the biggest foreign investor in the United States. Great Britian's direct investment of $101 million is almost double that of Japan, which stands at only $53 million.** At the end of 1988, foreign direct investment by the E.C. countries (excluding portfolio investment) totaled $193 million.

It should not be overlooked that foreign investment is still a controversial issue in the United States. The increasing penetration of foreign investors into certain industries has led many to call to limit it or at least to exercise stricter controls. Recent surveys indicate that 70 percent of American voters support additional controls on foreign investors, and that major concerns over the growing level of foreign investment are that it may restrict domestic production and eventually increase the vulnerability of the American economy to worldwide forces. Others, including an overwhelming majority of state officials, argue that foreign investment stimulates the individual state economies.

While there seems to be no consensus on the benefits of these investments for the U.S. economy, the threats of such foreign investment are often overstated since they form only a small part of the American economy, and since direct investment is one of the few areas of international business transactions in which the United States runs a surplus. In view of these facts it seems that foreign investment will continue to grow.

Looking back, the growth of state activities in promoting international trade and foreign direct investment has been very impressive. In less than a decade, state governments have become a driving force in U.S. international economic policy. "The United States is not just Washington, D.C.," a Texas state official said during a visit to Israel last year. "It's 50 states, and those states not only are able to deal with other parts of the world, but are interested in doing so."

The recent legislation of the U.S. Congress recognizes and endorses this new role for state government, which provides for stronger state participation in the economic agenda setting through the National Governors' Association and other "intergovernmental interest groups." Moreover, the states will be expected to play an important role in economic development policy during the Bush Administration, since the federal budget deficit leaves only a little room for major economic programs. ☐

Efemérides 1939-1989

Exposición fotográfica conmemora el medio siglo de la Agencia Española de Noticias, EFE.

Efemérides 1939-1989, es una exposición fotográfica conmemorativa del medio siglo de existencia de la Agencia Española de Noticias EFE.

Esta exposición fue inaugurada la primavera pasada en Madrid por SS MM los Reyes de España. Ha estado expuesta en Washington desde el 17 de Octubre, contando con la asistencia del Presidente del Gobierno Felipe González.

Las fotos de la exposición fueron seleccionadas de los archivos de EFE y cubren los más variados aspectos de la sociedad española, tal y como la captaron los reporteros gráficos de la Agencia.

Para muchos, recorrer la exposición supondrá conocer la historia del padre o del abuelo, para otros significará recordar la historia que sirvió y conoció. Puede resultar apasionante contemplar la historia de una época sin trampas ni censura.

Paso a paso se podrá ver como un régimen, nace, se desarrolla y muere, así como apreciar los cambios que el paso de los tiempos opera en el pueblo.

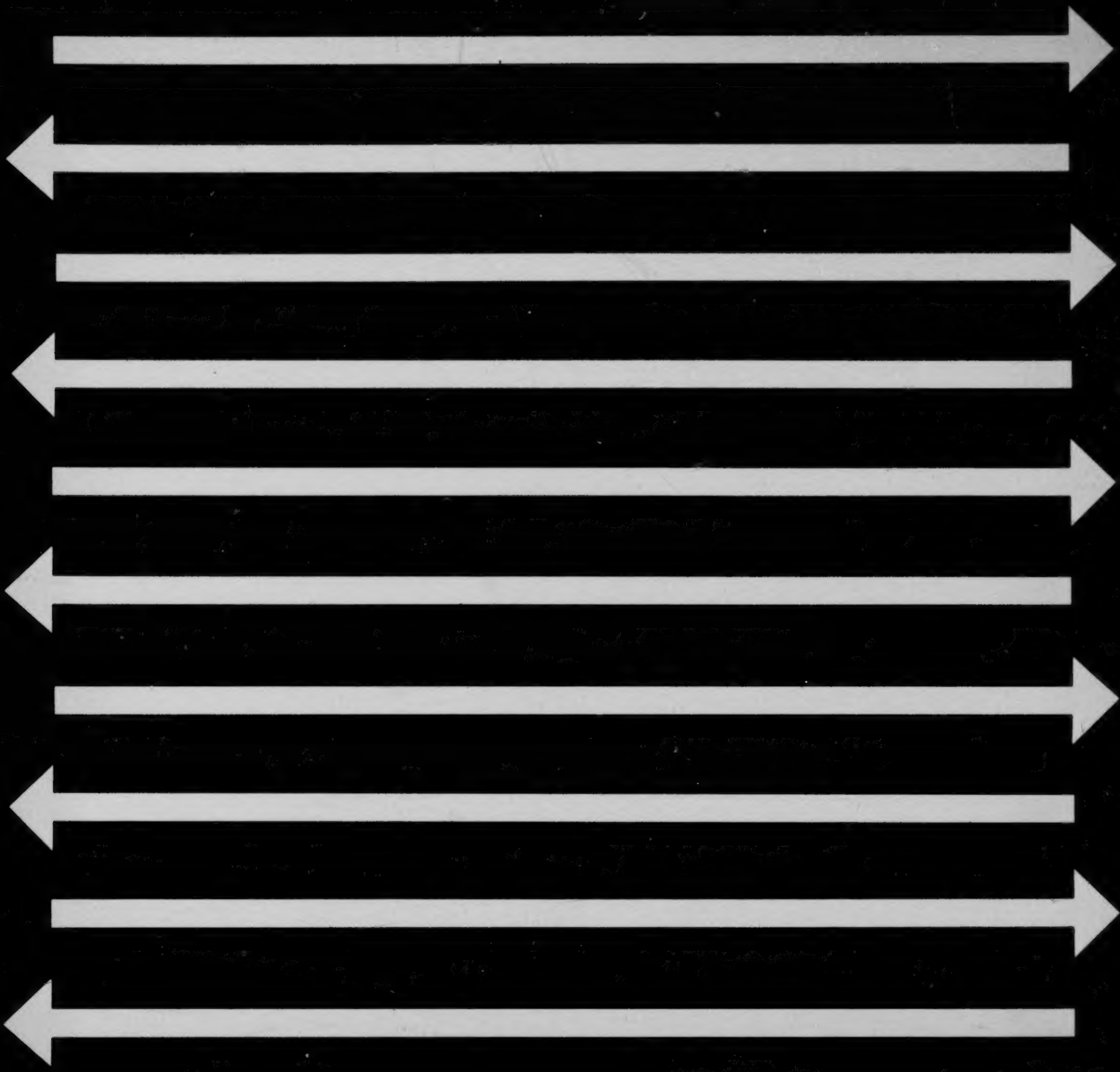
Concebida en blanco y negro, la exposición consta de cinco áreas, una por cada década, cada una de las cuales esta compuesta de diez paneles con las fotografías de los acontecimientos más importantes ocurridos en el año de referencia.

Los paneles fotográficos se complementan con videos de cada década.

A la muestra fotográfica presentada en EEUU, primero en Washington, en Nueva York en la Casa de España y que viajó después a Miami, se le han añadido dos paneles que recogen fotografías relacionadas con España tomadas por reporteros de las agencias de información norteamericas Associated Press y United Press International.

Ilustra la exposición un catálogo dividido en cincuenta capítulos en los que se reproducen los mejores documentos gráficos de la muestra. Cada capítulo esta prologado por personalidades de relieve en la vida española, entre ellas la soprano Montserrat Caballé, el nuevo Premio Nobel de Literatura Camilo José Cela, el profesor Nicolás Sánchez Albornoz, el Presidente del Gobierno Felipe González y el Rey Juan Carlos, que prologa el último capítulo.

La exposición fue inaugurada en la Casa de España en Noviembre por Miguel Angel Aguilar, director de Información de EFE. ☐



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Banco Central

Exchange: NYSE **Symbol: BCM**

Third Quarter 8/1/89 - 9/30/89

Volume	800,700
High	22½
Low	20
Close as of 6/30/89	19½
Close as of 9/29/89	20⅝
% Change in Close	5.6%
% Return	24.9%

Banco Central S.A. reported earnings for the nine months ended Sept. 30, 1989 were as follows: Pretax profits were $506 million up from $334 million in the year-ago period. Total revenues were 415,010 billion pesetas, or $3.5 billion, up 27%. Net revenues were 183,127 billion pesetas, or $1.5 billion, up 18%. Income before taxes were 60,277 billion pesetas, or $506 million, up 52%. Total assets were 4,445 trillion pesetas, or $37.3 billion, up 12%. The Company said it will allocate 43,635 billion pesetas or $367 million to reserves and amortization in the latest nine months, an increase over year ago allocations.

The company has signed an agreement with the Soviet savings bank Sberegatalniy Bank to promote joint ventures involving Spanish firms in the Soviet Union. The agreement also covers possible collaboration in the computerization and automation of banking services.

The stock's performance reflects the excellent earnings of Banco Central S.A. The volume for the current quarter was substantially higher than the previous quarter reflecting new interest in Banco Central's ADR's. The stock reached a high for the year of 22½ during the quarter. The percentage change in the closing price was up 5.6% and the annualized return for the third quarter was 24.9%.

Banco Central S.A. established in 1919, together with its subsidaries and affiliated companies, is one of the largest financial and economic institutions in Spain. Banco Central S.A. is also one of the 100 largest financial institutions in the world, with direct operations in twenty-three countries. ☐

Banco Bilbao Vizcaya

Exchange: NYSE **Symbol BBV**

Cash Dividends. On March 3, 1989, the Bank paid a cash dividend of Ptas. 150 per Share, or Ptas. 120 after deduction of withholding tax. Such dividend amounted to a net dividend of Ptas. 60 per ADS.

The Bank has established a dividend reinvestment plan (the "Dividend Reinvestment Plan") through which the Bank offers to Shareholders the opportunity to reinvest dividends in Shares at a discount to be determined at the time dividends are announced. Pursuant to this plan, the Bank approved reinvestment of the March 3 dividend in existing Shares of the Bank held by affiliates at a price of Ptas. 7,049 per Share, representing a discount of approximately 10% from market price.

Although such reinvestment was not available to Shareholders in the U.S. or to holders of ADRs for the March 3, 1989 dividend, the Bank made the Dividend Reinvestment Plan available to such holders for dividends announced after June 2, 1989.

On July 10, 1989, the Bank paid a dividend of Ptas. 65 per Share less 25% Spanish withholding tax to Shareholders of record on that date. This dividend amounted to a net dividend of Ptas. 24,375 per ADS and was paid on July 31, 1989 to record holders of ADRs at July 13, 1989. Shareholders and holders of ADRs were offered the opportunity to reinvest this dividend in Shares or ADSs, as the case may be, at Ptas. 6,900 per Share or Ptas. 3,450 (plus $.05 depositary fee) per ADS. This price represents a discount of approximately 10% from market price.

Stock Dividends. During March and April, the Bank issued a one-for-twelve stock dividend, increasing the number of Shares outstanding to 121,333,334. Such dividend was issued in the form of a right entitling

(CONTINUED ON PAGE 74)

Endesa

Exchange: NYSE **Symbol ELE**

Third Quarter 7/1/89 - 9/30/89

Volume	8,581,000
Average Volume	136,206
High	20⅜
Low	18⅝
Open as of 7/3/89	19⅜
Close as of 9/29/89	19⅝
Average Close	19

Results for the third quarter of 1989, prepared in accordance with Spanish GAAP, show earnings per ADR of $0.55, a 27.5% increase over the same period during the previous year. Consolidated revenues went up by 17.7% to $1.6 billion. Net income for the quarter was $143.3 million, compared with $112.4 million for the same three months of 1988.

Taking the nine-month period ended September 30, earnings per ADR are $1.69, a 21% gain over the same period in the previous year. During these nine months, debt was reduced by $530.7 million, or slightly over 9 percent of total indebtedness at the end of 1988.

These results were positively affected by the drought in Spain during 1989, that called for greater utilization of ENDESA's facilities, which are primarily coal-fired.

The acquisition by ENDESA of 9.8% of the share-capital of Sevillana de Electricidad, the electrical utility that supplies power to southern Spain, was disclosed in September. The purchase was made in the Stock Exchange and at market prices.

As a result of a fire accident in a turbine-generator, the Vandellos I nuclear power plant had to be shut down on October 19, and will require extensive repairs before it can be recommissioned. The plant operator is Hifrensa, a company in which ENHER, an ENDESA subsidiary, has a 23% interest. ENDESA, however, does not expect this incident to have any material adverse effect on its consolidated operating results in future periods. ☐

EXCHANGES

Telefónica

Exchange: NYSE **Symbol: TEF**

On the New York Stock Exchange, Telefónica's ADR rose 11.9% vs. a growth of 10.4% and 9.8% in the Dow Jones Industrials and Standard & Poor indexes respectively.

Spain's market potential in the telecommunications sector continued to develop favorably during the 9-month period ending September 30th. Telefónica experienced a growth in the net demand for telephone lines of 120% in the 9-month period compared to 123% for the same period in 1988. The demand for telecommunications services in the business sector continued to grow, with the demand for connections to the Ibercom network increasing by 36.6%. The number of subscribers with mobile telephones in service reached 25,000 at the end of September 1989, an increase of 178% compared to the first nine months of 1988.

Average usage per line rose 6.1% for the period, and average usage of international service has also grown considerably (10.6%). Domestic service has increased by 51%.

In financial terms, Telefónica's operating revenues increased by 15% in the 9-month period, do primarily to the growth in revenues from transmission of data and images and revenues from connection fees, representing increases of 39.2% and 41.7% respectively. Total expenses increased 16.6% during the period.

The increases in both revenues and expenses reflect Telefónica's growth of activity. As a result of such changes, its operating margin increased by 11.8%, which compares favorably to the 10.4% rise in the first six months of 1989. Telefónica expects this trend to continue through 1989. ☐

102,000 Volunteers Assisting in 1992 Olympic Preparations

There are currently 102,000 registered volunteers from all parts of Spain assisting in the preparations for the 1992 Summer Olympic Games in Barcelona, according to Pedro Palacios, Press Chief of COOB '92 (the Barcelona '92 Olympic Organizing Committee).

Some 30,000 volunteers are expected to collaborate in the actual games, assisting athletes and receiving members of the Olympic Federation and other VIPs working in the Olympic Village and Press Village, as well as in the areas of registration, sanitation, telecommunications and information.

In June 1990 COOB '92 will announce ticket prices, which are expected to be similar to those established in previous Olympic Games. ☐

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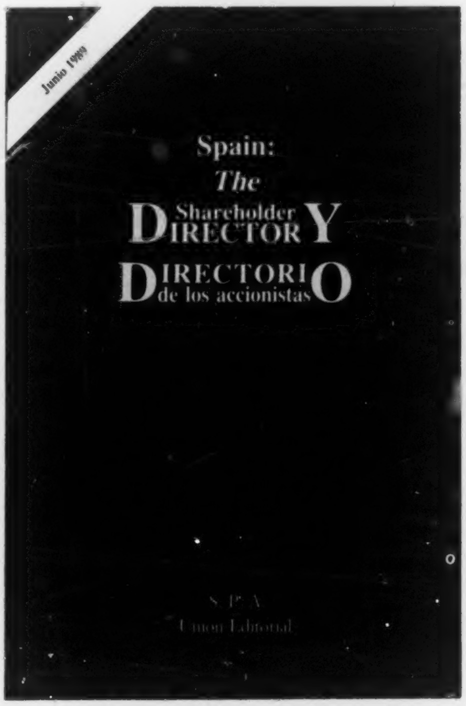

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SPAIN NEWS

Spain in the Near Future

"One big underlying question is how the Spanish society is reacting to the new reality of being in the European mainstream after a long period of isolation."

During the last six months most of the important newspapers and magazines in the world have published special articles and sections on Spain, inspired by Spain's presidency of the E.E.C. in the first half of 1989, and by the coming world events in 1992 (Olympics in Barcelona and World Fair in Seville). All these articles highlight the remarkable growth of the Spanish economy over the last three years, more intensive than any other prosperous period of the past.

The main factors which made the boom since '86 possible were or still are:

- The political stability in a democratic system.
- The favorable international economic climate.
- The gradual liberalization and modernization, together with the anti-inflationary policies, from 1982 onward.
- The entry into the E.E.C. in 1986.
- The considerable room for growth to bridge the development gap with the other E.E.C. countries:

	Period '78-87	**Period '83-87**
Growth Rate Spain	2.—	3.—
Growth Rate E.E.C. Countries Average	2.2	2.4

(Source: OECD data)

The above mentioned factors that underlaid the growth of the past few years will continue to play their important role, apart from the fact that the strengthening of the economy itself will create a new dynamism.

Political stability will continue in the democratic system. The natural wear of the governing socialists, will probably give rise to some sort of coalition government in which the "centrist" socialists will continue to play their dominant role. The policy of further liberalization of the economy will continue within the context of the sole European Market by 1992.

GNP growth is likely to continue to be above EEC average, although less spectacularly. The economic climate both inside Spain and internationally will make it necessary to constantly control the inflationary trends, eventually using other tools of control than monetary ones. It will be difficult to keep the public deficit below the 1988 level of 3.2% of the GDP. Also the current value of the peseta vs. other European currencies is likely to weaken slightly, although the recent entry of the peseta in the E.M.S. gives a certain guarantee for its stability in the long term. With regard to the balance of trade a still larger deficit can be expected, notwithstanding the continued rise in exports, due to the high import demand both in durables and in consumer goods. The complete falling away of trade barriers in 1992 within the sole European Market, will have an impact, which we foresee as being more favourable for foreign suppliers than for Spanish exporters, since we have some doubts about the latter's general preparedness to counteract the challenge.

The pressure this has on the balance of payments is already starting to be evident, although foreign reserves reached an all time record of 41,000 million dollars at the end of March 1989. Foreign long-term investment will not increase as spectacularly when returns on the recent big investments start to flow out. Also tourism has touched a certain ceiling and is likely to grow less in the future. On the other hand, the public sector external debt will remain within the current acceptable levels. The current unemployment rate of around 17 percent is likely to decrease gradually by a yearly 1% to 2% of the active population until 1995 and more sharply thereafter when the low birth rates

To illustrate the growth during the last three years we give the following figures which speak for themselves:

Percentage Changes Against Previous Year.
(In constant prices)

	1986	**1987**	**1988**
G.N.P.	3.3	5.5	5.0
Private Consumption	3.6	5.5	4.7
Public Consumption	5.7	8.7	5.0
Gross Investment (Total)	10.0	14.6	14.5
(in Capital Goods)	15.8	21.7	16.0
Stocks of Goods	0.9	0.7	0.0
Domestic Demand	6.1	8.5	6.8
Exports	1.3	5.9	6.2
(Export Prices)	–1.9	2.5	3.5
Imports	16.5	20.4	14.4
(Import Prices)	–16.3	0.2	2.1
Consumer Prices (December-December)	8.7	4.6	5.8
(Yearly promedia)	8.8	5.3	4.8
Employment	2.2	3.1	2.8
Unemployment	–0.3	–0.1	–2.1

(Source: Bank of Spain)

Article courtesy of
International Venture Consultants

since the late seventies will show their effect. However, the average age of the population will then rapidly acquire the "aging" characteristics of the other populations in the EEC.

One big underlying question when we think about Spain's future is how the Spanish society is reacting and will react to the new reality of being in the European mainstream after a long period of isolation.

In our opinion an important gap still exists between the material reality and the mental concept of the situation. The closing of this gap depends on the willingness and preparedness of people and of organizations to adapt themselves and to make adequate use of the significant possibilities Spain has in the context of a fast changing world.

To the question as to whether this willingness exists, a well known Spanish businessman and politican gave as an answer: "The country is in a feverish movement, but it is a movement without action: there is no authentic political or social dynamism. Either Spain decides to start researching, pondering, checking, even spying, about the workings of this world, or this world will engulf it".

In our opinion much depends on the success of the changes now underway and in particular, in the educational system on all levels where the objective should be to prepare future generations to stand on their own in a wide-open society, national and international.

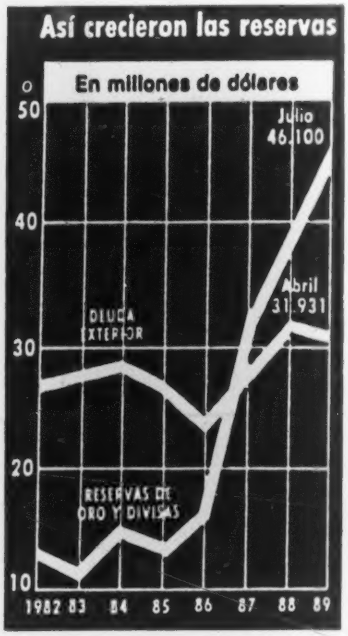
As consultants in constant touch with the Spanish environment, we experience the still inadequate levels of efficiency and professionalism in business, government, community services, etc . . . It is all right to do things in "the Spanish way" as long as healthy and wonderful traditions are preserved, but it is deadly when this preservation is a pretext to cover basic deficiencies in the structure of society and in individual attitudes.

Luckily for Spain, we see within the younger generations, a slow but clear trend towards a fundamental change in attitudes away from the traditional ones.

Spain is in Fifth Place Worldwide in Reserves of Foreign Exchange

"This is a sign of international prestige and confidence on the part of foreign investors."

The news became public knowledge at the end of August. An internal report by the International Monetary Fund places Spain in fifth place worldwide in terms of reserves of foreign exchange. Not including gold reserves, the Spanish public Treasury has over 39,000 million dollars in foreign exchange, almost half a billion pesetas ready to serve the international interests of the Spanish economy. Spain may not be on equal terms with the group of the seven most influential and developed countries in the world, but the reserves of the Bank of Spain in foreign currency exceed those of the neighboring France, Switzerland, Canada and even the United Kingdom. This is a sign of international prestige and confidence on the part of foreign investors, who will continue to invest on the Spanish market as long as there is such a high level of reserves. These are the most important effects of the healthy state of the Spanish Treasury.



No longer is it just the emigrants and the tourists who swell the reserves managed by the Bank of Spain. It is the foreign investors, attracted by the economic solvency and high profits obtained by Spanish firms, who come in search of quick profits in the risky world of international business.

All That Glitters Is Not Gold

Income per capita in Spain grew at a spectacular rate in 1988 to reach the level of 811,685 pesetas. However, the translation of this quantity into dollars has a distorting effect which makes Spain move up places in the international context, putting it among the top economies in terms of income per capita.

Thus, the 6,562 dollars per Spaniard in 1987 rose to 7,628 last year. This is equivalent to an increase of 17%, whereas the real growth in income was 4.6%. The reason for this distortion is found in the growth of prices in the GDP and in the depreciation of the dollar against the peseta, according to a report by the Banco Bilbao-Vizcaya Study Service for 1988.

The improved fortunes of the Treasury have come about in the last few years, when the Spanish economy has emerged from its crisis and has attained the level of other major industrial countries. The big jump in holdings of reserves coincided, however, with Spain's entry into the EC on January 1st, 1986. The month of December prior to entry had ended with a balance in the Treasury of 16,001 million dollars. Twelve months later, in December 1987, this sum had doubled.

NEWS OF SPAIN

Evolution of the Spanish Economy During the First Nine Months of 1989

Courtesy of *Banco Bilbao Vizcaya Interactivos*

The International Context

Throughout 1989 the world economy has been evolving satisfactorily while the longest expansive cycle of the post-war period continues. Nearly all the estimates made by international entities for GDP growth in industrialized countries put it at between 3% and 3.5% for 1989.

The latest preliminary report written by the International Monetary Fund is quite optimistic and forecasts that there will be a moderate slowing of growth rates for 1989 and 1990, although new forecasts estimate that they will rise in industrialized countries.

Moreover, it considers that there are fewer risks of a sharp increase in inflation, although the process of readjusting foreign inbalances is slow, especially with regard to the balance of payments on current account between the three big countries (deficit in the USA and surpluses in Japan and Germany).

For industrialized countries as a whole estimated GDP growth is 3.5% for 1989 and 2.9% for 1990. Of these, the GDP will grow 2.2% and 2.1% in 1989 and 1990 respectively in the USA, 4.9% and 4.7% in Japan and 4% and 3% in Germany.

The forecasts for world trade put volume growth at 6.9% in 1989 and 5.7% in 1990, which looks good for the international situation.

Spanish Economic Activity

After very expansive growth in Spanish economic activity during the first half of the year, the third quarter seems to show some slowing up, especially from the point of view of expenditure. Non-agricultural production, which can be seen in the General Indicator of Activity drawn up by the BBV Research Service, shot up in the first two quarters, 5.1% and 6.7% respectively, only to slow slightly in July (4.7%) and August (4.2%).

However, the highest indicators for supply in July and August are not falling so much. The Producer Price Index for July went up by 3.6% compared to July last year, but this rate was lower than in the first half (5.2%). On the other hand, there was no drop in electricity consumption in July and August (with rates at 7.9% and 8%) or in the consumption of electricity for industrial use (10%).

The building sector is still expanding. Figures for official tendering show a 26% growth between January and July; building grew by 63.3% and civil works by 13.8%, and prospects for the next few months look good. The

World Economy Forecast

			Forecasts		Differences compared Estimates to April '89	
	1987	1988	1989	1990	1989	1990
WORLD PRODUCTION (%)	3.3	4.0	3.1	2.9	–0.2	–0.3
Industrialized countries	3.5	4.4	3.5	2.9	0.2	—
Developing countries	3.6	4.2	3.2	4.0	0.1	–0.2
Petroleum exporting countries	–0.2	2.5	2.6	3.3	0.3	0.4
Non-petroleum exporting countries	5.3	4.9	3.3	4.2	–0.4	–0.5
Other countries (URSS, etc.)	2.0	2.2	1.7	1.8	–1.6	–1.5
WORLD TRADE						
Volume	6.6	9.0	6.9	5.7	1.1	–0.3
Price of raw materials export except petroleum (in dollars)	3.4	8.2	–1.7	–8.0	–3.2	–2.2
Petroleum prices in dollars	28.2	–19.9	18.5	2.2	7.4	–1.6
INFLATION (%)						
Industrialized countries	3.0	3.3	4.5	3.9	0.7	0.4
Developing countries	41.6	70.8	85.5	36.3	40.0	18.2
Six-month labor interest rates	7.3	8.1	9.5	9.0	–0.4	–0.2

fact that cement consumption had increased by 19.2% by the end of June, the increase in housing started (6.9%) and finished (4.4%) and employment figures for the building sector (10.9%) all point to expanding activity in the sector.

It is in the services sector where things seem to have been slowing down somewhat. The moderate increase in the consumption of gas oil for automotion (A + B) which went up by 1.6% reflects a drop in activity in transport. The number of foreign tourists was moderate in July and August, with a decrease in July (—2.5%) and an increase in August (+ 2.4%), which in turn meant that growth for the period January-August was also moderate (+ 0.2%) while revenue from tourism in pesetas only went up by 0.3% and went down in dollars (—0.2%).

The greatest expansion in the first half was to found in internal demand (8.1%), both in public (6.5%) and private (5.6%) consumption and in investment (14.9%). But this seems to have slowed in July and August, according to the latest indicators.

The number of new cars went up 5.6% in July and down 4.4% in August and petrol consumption went up 4.7% in July and 3.8% in August). Although production of consumer goods was moderate (—0.5% in July), imports of these types of goods were still very high (37.3% in August).

The increase in income from wages during the first half, through the monetary increase in wages per person (7%) and especially employment (4.1%), together with the increase in other family income gave a wide margin for consumption, but consumption is expected to steady in the third quarter, at least until November, because of the high rate of inflation and the fact that Income Tax has to be paid.

According to available indicators, investment is still a strong factor in the Spanish economy, and the internal production of production goods (5.8%), the import of these types of goods and the optimistic opinions of employers with regard to their order books seem to guarantee growth. But prospects do not look as favorable as they did, and July and August rates are more moderate. The number of new lorries (10.5% in July) and the PPI (production goods down 0.1% in July) bring down the results obtained in the first half.

Foreign Importance—Foreign Deficit

With our frontiers being opened up, the intensity of internal demand has meant that the growth in imports (24.3% between January and August) compared to that of exports (10.9%) has exacerbated the trade deficit, which, according to information from the Register of Cash reached $14,903 million during the said period, and is expected to be over $25,000 million in 1989, as against $17,650 million in 1988.

General Indicator of Economic Activity

(% difference with the same month the previous year)

	1987	1988	1989
January	2.7	3.9	9.2
February	1.5	8.3	3.5
March	2.2	6.8	2.4
I Quarter	2.1	6.3	5.0
April	3.2	6.4	6.5
May	4.1	6.6	6.6
June	4.1	4.4	6.9
II Quarter	3.8	5.8	6.7
July	4.5	3.7	4.7
August	4.4	6.0	4.2
September	5.4	6.7	—
III Quarter	4.8	5.4	—
October	5.7	6.2	
November	5.1	7.1	
December	4.0	7.8	
IV Quarter	5.0	7.0	
ANNUAL AVERAGE	3.9	6.2	

Source: *BBV Interactivos Research Department*

What is more, the fact that the surplus from the balance of services and transfers remained unmoved because of the moderate results in tourism, and the increases in payments for services makes it more and more difficult to compensate for the trade deficit; the deficit on current account was $6,087 million between January and August, and is expected to reach $11,000 million by the end of the year.

However, there are two points that may make all of this sound less dramatic. The first is that this deficit is still easy to finance with the surpluses obtained from the balance of payments on long-term capital account ($11,975 million between January and August, 1989). The second point is connected with the size of the investment process in the Spanish economy. It is indeed true that we are financing ourselves with foreign savings, but we are basically putting these into investments that have been growing at real rates of nearly 15% for several years, and where the import of production goods is growing at rates of 25%. This investment process will ensure the rapid modernization of the production system and increased competitiveness of Spanish products in the future.

Survey on Working Population (thousands of people)

	1989	1988		II 89/II 88	
	II Quarter	I Quarter	II Quarter	Thousands	%
Working population	14,607	14,702	14,749	47	0.3
Employed population	11,708	12,004	12,194	190	1.6
Employees	8,285	8,659	8,802	143	1.7
Unemployed	2,899	2,698	2,555	−143	−5.3
Unemployment rate	19.9	18.4	17.3	− 1.1	−6.0

Source: *INE* and *Ministerio de Economia*

EVOLUTION OF THE SPANISH ECONOMY

(CONTINUED)

The confidence of foreign investors is reflected in Spanish reserves which stood at $43,753 million in September, considerably higher than foreign debt ($30,932 million).

Internal Balance, Inflation

The increase in Spanish domestic prices since the summer of 1988 constitutes the main cause for concern in the present situation. Up until August the new inflationary trend brought inflation up to rates that were higher than they had been the previous year. With monthly increases in July and August of 1.6% and 0.2% respectively, the CPI appeared to be somewhat erratic because of the prices of fresh fruit, but it will be difficult to get the annual rate of 6.6% reached in August down.

The increase in the prices of processed food (9.2%) and in the growth rate of industrial prices (still moderate) and especially services (9.0%) have had a negative effect on the results of underlying inflation (which does not include fresh food and energy), which stands at 7%. A drop in demand may help to relieve inflationary tensions in the second half of the year. However, the average growth of the CPI for 1989 is estimated at 6.5%.

As far as 1990 is concerned, it will be difficult to slow any of the components of inflation: financial costs, the cost of wages, imported goods, etc., except crude oils, which are expected to remain stable or go down. Only a suitable monetary policy backed by a tax policy which moderates spending and increases saving will be capable of slowing 1990 inflation. ☐

Consumer Price Index (annual difference in %)

	1987	1988		1989							
General CPI	4.6	5.8	5.9	6.3	6.2	6.1	6.7	6.9	7.1	7.4	6.5
Food	2.7	6.1	6.4	6.9	6.7	6.5	7.9	8.3	9.3	9.5	6.9
Others, except food	5.6	5.7	5.6	5.9	5.9	5.9	6.2	6.2	6.0	6.4	6.3
Underlying inflation	5.2	5.4	6.1	6.8	6.9	7.0	7.3	7.1	7.0	7.1	7.3

Source: *INE* and *Ministerio de Economia*

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SPAIN NEWS

La multinacional DuPont elige Asturias para instalar su nuevo complejo químico en Europa

Du Pont de Nemours Inc., la multinacional química más importante del mundo, anuncio oficialmente su decisión de invertir 200 millones dólares en la construcción de una planta de fabricación de fibra de aramida "Nomex", utilizada en la industria aeroespacial y en tejidos aislantes.

Este primer proyecto se enmarca dentro de todo un plan estratégico de la compañía que comprende la creación de un complejo químico formado por siete plantas para la fabricación tanto de fibras y polimeros como de productos intermedios. La inversión total que todo ello supondrá será de unos 1,200 millones de dólares lo que en cuanto a empleo se refiere se traducirá en la creación de unos 2,000 empleos directos (la mayoría de alta cualificación) y unos 10,000 indirectos.

La constitución de la primera planta se iniciará a mediados de 1,990 y se espera que para enero de 1993 comience la comercialización de los primeros productos de la factoría asturiana. El proceso de creación de todo el proyecto se cree de durará de diez a doce años.

Un gigante de la química

Du Pont de Nemours, es la primera compañía del mundo en el sector químico. Sus beneficios netos en 1987 se elevaron a 2,000 millones de dólares. De los que 1,200 fueron destinados a gastos de investigación. Su facturación alcanzó los 30,500 millones de dólares.

Es, al fin, novena en el mundo por volumen de ventas y octava en el ranking de beneficios. Aunque mantiene la patente de gran número de productos, algunos de los más conocidos son el nylon, la lycra, el teflón, el nomex y el kevlar.

Ubicación

El nuevo complejo industrial de Du Pont en Asturias, se ubicará en la zona central de la región. A este efecto se están analizando al menos dos alternativas, lo que le permitirá beneficiarse de las excelentes comunicaciones con que cuenta esta zona al permitir un fácil acceso a los puertos de Gijón y Avilés, así como con Oviedo—la capital administrativa y de servicios de la región—a través de autopista. Por otro lado, el aeropuerto se encuentra situado a poco más de diez kilómetros del lugar donde se levantará la fábrica.

En la elección de Asturias—y de su zona central en concreto— han influido diferentes aspectos: Según la propia nota difundida por la compañía, "Asturias dispone de una buena red de comunicaciones, una base industrial fuerte y una mano de obra muy cualificada".

Las razones técnicas han jugado un papel muy importante pues Du Pont necesita instalarse en zonas con agua abundante así como una óptima infraestructura de gas y electricidad.

Por otro lado, la tradición industrial en Asturias ha generado una cultura social y económico-industrial que ha dado lugar a una mano de obra altamente cualificada y capaz de asimilar y adaptarse con facilidad a los cambios tecnológicos que impone el desarrollo empresarial.

Asimismo, el contar con una industria local perfectamente capaz de cubrir sus necesidades de suministro, mantenimiento y transformación así como toda la infraestructura de servicios (ingenierias, financiación, energía, transporte, etc.), parece haber jugado un papel muy importante.

Otro incentivo sin duda muy interesante, parece haber sido el porcentaje de subvención que recibirán de la administración por su inversión en el zona central de Asturias. Esta subvención alcanzará el 30% de la inversión. No siendo este el nivel máximo de subvención con que cuenta Asturias, pues los proyectos empresariales que se ubiquen en las cuencas mineras pueden alcanzar hasta el 45% de la inversión.

Por último, y según declaraciones de alguno de sus directivos, Du Pont eligió Asturias por el apoyo mostrado por la Administración Regional así como por el carácter abierto y sincero de la población asturiana. La decisión de Du Pont de instalar en Asturias su nuevo complejo químico europeo, abre numerosas expectativas para la industria y la economía regional, pues ello confirma lo que ya las compañías extranjeras asentadas en la región vieron en Asturias, es decir un lugar con suficientes atractivos (financieros, tecnológicos, humanos, etc.) para invertir. ☐

DuPont Selects Asturias as Site of its New Chemical Complex

Du Pont has announced that it intends to invest in an industrial site in Asturias, Spain, for a number of major manufacturing projects involving fibers, chemicals and polymer products.

The Company said the first project will be a plant to manufacture "Nomex" aramid fiber, which is used in aerospace, protective clothing and gas-filtration applications. Investment will be about $200 million. Construction is expected to begin my mid-1990.

Subsequent large investments, such as intermediates for Du Pont fibers and polymers, are under active consideration, assuming conditions for the investments are competitive with other European locations on an operating-cost basis.

Asturias, in northwest Spain, has a good transportation network, a strong industrial base and a well-qualified labor force.

"This investment will enable us to broaden our manufacturing base in Spain and to establish this new site as a world-class facility for both Spain and Du Pont," says Chairman Edgar S. Woolard, Jr. "The project will help us improve our competitive position in Europe and other world markets."

Du Pont has plants in Benicarló and Barcelona, Spain, and marketing facilities in Madrid and Barcelona. The company has 20,000 employees operating in 14 countries in Europe with total sales of over $11 billion in the region. ☐

SPAIN NEWS

Diet Drinks in Spain

"This is a small, yet fast-growing
market that we had to be in,"
says Pepsi-Cola España's general manager.

By Al Goodman and Marina Specht

Article courtesy of *Advertising Age*

The low-calorie soft-drink market in Spain is fattening up, with Pepsi Light taking on Coca-Cola Light and Coca-Cola's Fanta Light taking on Schweppes Light.

Although diet products now account for less than 10% of the $2.5 billion Spanish soft-drink market, the market could get a boost this fall when the Spanish government is expected to approve aspartame.

Because approval of the sugar substitute has been postponed numerous times during the past several years, Pepsi-Cola España in June decided to roll out Pepsi Light using a saccharin-cyclamate blend. The company will switch to aspartame when it's approved.

"This is a small, yet fast-growing market that we had to be in," said Alan Cordery, general manager.

Diet colas, dominated by Coca-Cola Light, make up only 3% of the overall $1 billion Spanish cola market, but diet cola sales are growing 35% to 40% a year. Sugared cola sales rose 12% last year, Pepsi's Mr. Cordery said.

"[Pepsi-Cola is] hoping to grab a 35% share in [the diet segment] within the next two years," he said.

The marketer is using a 20-second TV commercial, with the theme "For its taste," to support the introduction.

Coca-Cola is also gearing up for battle in the new, low-calorie citrus segment, where its key competition is Cadbury Schweppes.

Schweppes introduced low-calorie versions of lemon and orange carbonated drinks and tonic water under the Schweppes Light brand in March.

A $1.2 million ad campaign supporting Schweppes Light was launched in May with the theme, "Your body is the refreshment," via Publicis-FCB.

Schweppes aims to sell about 5 million liters this year of its three new light products. Last year, it sold 167 million liters of its tonic waters, citrus drinks and mixers in Spain.

Meanwhile, Coca-Cola's Fanta Light citrus drink is poised for introduction as soon as aspartame is approved.

Luis Aguirre de Carcer, Schweppes group product manager, is playing down the competition, saying, "Fanta is much bigger than Schweppes, and it's aimed at a different market."

But a Coca-Cola spokesman disagreed. "Schweppes wants to continue thinking Fanta is just for kids. The public who could buy Schweppes will have Fanta Light as an alternative," said Rafael Fernández Quiros, press office chief for Coca-Cola.

Initially, advertising for Fanta Light orange and lemon will be integrated into the existing Fanta campaign.

It will be introduced as a 10-second trailer to the 30-second TV spot for regular Fanta, said Jaap de Graaff, general manager of McCann-Erickson Worldwide affiliate Clarin, a Coca-Cola agency.

Coca-Cola Co.'s overall ad budget in Spain from April to September was $8.5 million. Mr. Fernández declined to specify Fanta Light's budget.

Coca-Cola brands hold about a 40% share of the soft-drink market, compared with less than 15% for Pepsi brands, said Manny Goldman, analyst for PaineWebber, San Francisco.

Next year, Pepsi-Cola is planning to boost its overall Spanish ad budget 30% to $8.58 million.

Regular Coca-Cola outsells Pepsi 5-to-1, holding a 78% share of the Spanish cola market, compared with Pepsi's 15%. Tiempo/BBDO handles regular Pepsi. ☐

Spain Initiates Programs to Promote Creation of New Jobs

Spain's Ministry of Labor and Social Security has initiated a group of programs to promote the creation of new jobs. It has also developed several new types of contracts between employer and employee designed to increase employment among groups in which unemployment is currently high, and to reduce the uncertainty of employers about creating new jobs by publicizing the employment aids available.

The programs promoting job creation are: employment initiatives, promotion of self-employment opportunities, employment of women in areas where they are under-represented, and assistance in the employment of handicapped persons.

Among the types of contracts developed to promote employment are: training contracts; apprenticeship contracts, to develop skills and give each worker a trade commensurate with his or her education; limited time contracts for workers over 45 years of age; limited time contracts for handicapped workers; part time and replacement contracts; contracts advancing retirement age, allowing the recruitment of unemployed persons to replace workers who are retiring at 64 years instead of 65; temporary employment contracts; and definitive work or service and interim contracts.

For more information on these programs contact the Embassy of Spain, Consejería Laboral, 4400 Jennifer Street NW, Room 230, Washington, D.C.; Tel: (202) 537-1466; Fax: (202) 537-0934. ☐

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LEGAL

Important Reforms in Spanish Mercantile Law

After two years of study, the new law was finally published in July, "the most important commercial legislation in decades."

Important reforms in Spanish mercantile legislation, which had been under study since 1987, finally materialized in July when the new law was published regulating the various corporate structures, their registration, and their financial and administrative transparency.

This is the most important commercial legislation in decades, which will have its influence not only on mere legal matters but also on many practical aspects of entrepreneurial activity and the management of Spanish companies.

The law, for most of its requirements, comes into force on January 1, 1990, but establishes time tables for the adaptation by existing companies to the new rules.

The following is a summary of the most important of the more than 300 articles of the new law.

STOCK COMPANIES (SOCIEDADES ANONIMAS—"S.A.")

Capital: At the moment of constitution the capital has to be fully subscribed and paid-up to a minimum of 25%. The minimum initial capital is Pts. 10.000.000,—(this rule is in force from the date of publishing the Law (July 27, 1989).

Constitution: Stock companies must be constituted by public deed, and inscribed in the Mercantile Register after payment of the corresponding taxes. This inscription shall be notified in the newly created *Official Bulletin* of the Mercantile Register.

Founding: A minimum of three founding members by mutual agreement must subscribe the founding deed. In case of founding involving public subscription, the promoters (founders) must present a prospectus containing the necessary characteristics and plans of the projected company. In the interim between the founding of the company and its inscription in the Mercantile Register the founding members are liable «in solidum» for all acts done and contracts made, in the name of the company.

Capital Contributions Other Than Money: Capital contribution other than in money, i.e. in the form of goods or ownership rights, must be economically assessed by one or more independent experts.

The acquisition of assets by the company during its first two years for amounts exceeding one tenth of its share capital, must be approved previously by a meeting of shareholders.

Shares: Shares, either nominal or bearer, can be issued in the form of certificates or by inscription in a Share Register. Shares nor fully paid must be nominal as most shares where there is a legal requirement for them to be nominal, for instance shares with additional benefits or subject to restrictions as to transferability. The company's statutes may not include clauses which make transferability practically impossible. All restrictions as to transferability must be regulated in the by-laws, giving a clear justification of such restrictions.

The Law permits, for the first time, the possibility **for a stock company** to own a **portfolio of its own shares** (or of shares of its holding company) up to a limit of ten percent of the respective issues.

Also new is the possibility to issue **shares without voting rights,** for a total value of up to fifty percent of the paid-up share capital. The holders of these shares do not have the right to nominate Board-Members, but they do have certain special economic advantages, such as receiving a preferential dividend of a minimum of five percent p.a.

Modification Of By-Laws: The Law regulates extensively the procedures to be followed, such as: preparation of a preliminary written report, notice of the general shareholders meeting, deeds, inscription and publication in the Official Bulletin of the Mercantile Register. Additional procedures exist when the company purpose of official domicile are changed.

Other detailed rules are given for capital increases/reductions or for mergers/divisions of companies, (rules which formerly hardly existed or were laid down in a very disperse legislation).

General Shareholders Meeting: Th minimum quorum of assistence at the G.S. Meeting is set at 25% of the share capital at the first notice. No minimum quorum is required for the second notice, provided the by-laws do not rule to the contrary.

For important decisions to be taken by the G.S. Meeting, such as: change of company purpose, variation in share capital, transformations, issue of bonds, etc., a quorum is required of 50% at the first notice and 25% at the second.

The Board of Directors is entitled to call extraordinary shareholders' meetings at any time or occasion as deemed necessary, or when shareholders representing at least 5% of the share capital apply for such a meeting. The Law also details the procedures to be followed to challenge resolutions of the shareholders meeting.

Board Members: The period for the exercise of duties must be established in the by-laws, but should not exceed five years. Re-election for one or more equal periods is possible. The appointment of Board Members is effective at the moment of acceptance of the duties by the Member, and must be inscribed in the Mercantile Register within ten days from the date of such acceptance.

Courtesy of *International Venture Consultants S.A.*

The representation of the company with third-parties is the duty and responsibility of the Board Members. The company is liable to third-parties acting in good faith, even though the Board members have exceeded their authority.

LIMITED LIABILITY COMPANIES ("S.R.L.")

The adaptation of the Law regulating the limited liability companies («S.R.L.»'s) has as its object to promote the election of this kind of legal form when founding small or family type companies.

The «share capital» is composed of capital contributions by the partners of a minimum of 500.000 pesetas, fully paid-up. These capital contributions have the official name of **"social participations"** rather than "shares."

Transfer of the «social participations» must be effected by a public deed. The «Board Members», in this case called «Administrators», must be informed in writing of any acquisitions of «social participations».

The "by-laws" can establish any kind of restriction on the **transferability** of the «social participations».

The general meeting of the owners («participation holders») must be convened by the «Administrators» as soon as participation holders, representing at least ten percent of capital, apply for such a meeting.

With regard to acts done and contracts made by and in the name of the company during the interim period between the founding of the company and its inscription in the Mercantile Register, the same rules apply to the founders of an S.R.L. as is the case of the founders of an S.A., i.e. they are liable «in solidum».

AUDITS AND ANNUAL ACCOUNTS

The reforms introduced by the new Law, in this area, modify radically the accounting practices of Spanish companies, and aim to establish greater transparency and public information as to the accounts of companies.

Accounting Records: All companies should have a well organized accounting system adapted to their activities; mechanical registration of accounting data is permitted. The accounting ledgers (or bound computer-produced registers), as well as the official books containing the minutes of the company must be presented to the Mercantile Register within certain specified time limits.

Annual Accounts: These must comprise balance sheet, profit and loss account, statement of sources and application of funds, proposal for the application of results, and director's report.

The Law specifies in detail all accounts to be included in the balance sheet of stock companies, however, for companies which meet at least two of the following conditions:

1. Total assets less than 230 million ptas.
2. Annual turnover less than 480 million ptas.
3. An average of less than 50 employees during the year it is permitted to present a **summarized Balance Sheet.**

> ***"This will have its influence on many practical aspects of entrepreneurial activity and the management of Spanish companies."***

Within one month of approval of the accounts by the General Meeting of Shareholders, the following documents have to be deposited with the Mercantile Register:

a. The annual accounts, **signed for approval by all Board Members (Administrators) and the auditors.**
b. The application of the results.
c. The report of management.
d. The report of the auditors.

The Official Bulletin of the Mercantile Register will publish the names of those companies which have complied with this deposit obligation. The general public will have access to copies of the documents lodged at the Mercantile Register.

Consolidation: Where a company owns shares in another company, such company is obliged to present **annual consolidated accounts and management report** when the relationship is subject to one of the following circumstances:

a. It has the majority of voting rights.
b. It has the faculty to appoint or to remove the majority of the Board Members (Administrators).
c. It has the power, by way of agreement with other shareholders, to obtain the majority of voting rights.
d. It has appointed exclusively with its voting rights, the majority of the Board Members (Administrators). In special circumstances outlined in the Law, an exemption from the obligation to consolidate is permitted.

Audits: The annual accounts and management report must be audited by an external auditor, who shall give an opinion as to whether they present a true and fair view of the net worth, financial situation and results of operations and as to whether the management report is in conformity with the financial accounts.

Companies permitted to present summary balance sheets are not obliged to have their annual accounts audited. (See earlier paragraph on Annual Accounts).

The external auditor is appointed by the General Meeting of Shareholders for a period of not less than three years and not more than nine years.

The obligation to present audited annual accounts starts for the financial statements relating to the first financial year closing subsequent to June 30, 1990. (i.e. for most companies this means the 1990 financial year).

The obligation to present audited annual consolidated accounts commences with the accounts for the first financial year closing subsequent to December 31, 1990 (1991 for most companies).

SANCTIONS

The Economics Ministry is entitled to impose fines of different amounts for:

- The non-compliance with the requirement to produce all data, figures and documents of the company.
- The non-compliance of the limitations in relation to the shareholding of one's own stock.
- The failure to deposit at the Mercantile Register the required accounting documents.

The Justice Ministry is entitled to impose fines of up to 5 million pesetas for the non-compliance with the obligation to adapt company by-laws to this new Law within the three years up till June 30, 1992, or to dissolve the stock companies which by December 31, 1995 have not adapted their by-laws to this new Law. ☐

CORPORATE NEWS

Domecq Importers Establishes Fine Wine Division, Domecq Estates

Domecq Importers, Inc., Larchmont, New York, has recently announced the establishment of a fine wine division, Domecq Estates. The division has been set up to import and market in the United States the existing portfolio of premium wines and sherries from the House of Domecq in Spain, as well as the highest quality wines of other world-class producers.

According to Michael Domecq, President of Domecq Importers, "Domecq Estates was established to provide the marketing support that our wines rightfully deserve. To complement the Domecq wines and sherries in the portfolio, we selected the wines from producers that are undoubtedly making the finest examples of regional and varietal type in the world today."

The wines from Spain comprising Domecq Estates include Domecq premium and rare sherries, Lembey Brut and Premiere Cuvée sparkling wines, and Marques de Arienzo white, Cosecha Reserva and Gran Reserva Rioja wines.

The division also includes the wines from some of the world's most revered producers in France.

From the Loire Valley is the complete line of crisp, light wines from Sauvion & Fils: Muscadet, Vouvray, Sancerre, and Pouilly-Fumé, as well as wines from other major appellations in the region. Domecq represents these wines on the West Coast only.

Also comprising Domecq's portfolio are the Loire Valley's only Grand Cru wines: La Coulée de Serrant and Chateau de la Roche-aux-Moines. Owned by Madame Denise Joly and her son and winemaker, Nicolas Joly, these two Chenin Blanc wines are produced in only limited quantities, and are recognized by many as the finest examples of this varietal in the world.

Domecq Estates is also the exclusive importer and marketer in the United States of the full range of villages, cru and single vineyard cru wines produced by Pierre Ferraud from Beaujolais and Maconnais. The lush, elegant wines of Domaines Schlumberger, the leading producer of Grand Crus in Alsace, are also included in Domecq's portfolio. The Schlumberger line includes a large selection of Pinot Blanc, Riesling, Muscat, Pinot Gris and Gewurztraminer. Domaines Schlumberger is particularly renowned for its rare vintages of Cuvée Christine and Cuvée Anne.

In addition, Domecq Estates markets from Burgundy the revered wines of Lalou Bize-Leroy—Maison Leroy and Domaine Leroy. Part owner of Domaine de la Romanée Conti, Lalou is dedicated to producing her own line of wines from her proprietory vineyards in the appellations Auxey-Duresses, Meursault, Puligny Montrachet, Pommard, Savigny and Aloxe Corton in the Côtes de Beaune, and Musigny, Chambolle Musigny, Chambertin, Gevrey Chambertin, Latricieres Chambertin, Vosne Romanée and Clos Vougeot in the Côtes de Nuits. As negociant, she also selects additional wines from these and other appellations. Named the keeper of great vintages, Lalou releases her wines only in small quantities, and thus vintages dating back to 1932 are still available on the market. Wine writers such as Robert Parker (*The Wine Advocate*) and James Suckling (*The Wine Spectator*) have stated that Lalou's wines are possibly the best produced in Burgundy today.

"All of these great wines," says Michael Domecq, "are producd by family-owned and operated companies like the House of Domecq. We share the same philosophies of dedication to quality and the preservation of family heritage and tradition. In the United States, Domecq Estates offers its producers the personalized attention of a small company, and the aggressive marketing of a corporation that boasts three growing brands in a generally declining market—Carlos I and Presidente brandies and Sauza Conmemorativo tequila."

Domecq Estates is headed by Wine Director Nicholas Manessis. Director of Marketing is Steve Frohock, Vice President of Sales is Tom Kaminsky, and Vice President of Finance and Administration is Alfredo Valdes. ☐

La Ina
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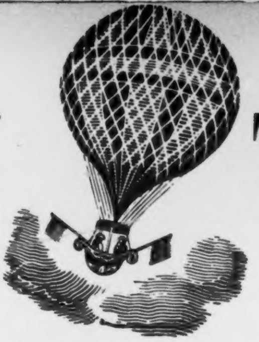
Rioja
Chateau de la Roche
Pouilly
Domaines Schlumberger
Alsace Grand Cru
Gewurztraminer
Bourgogne



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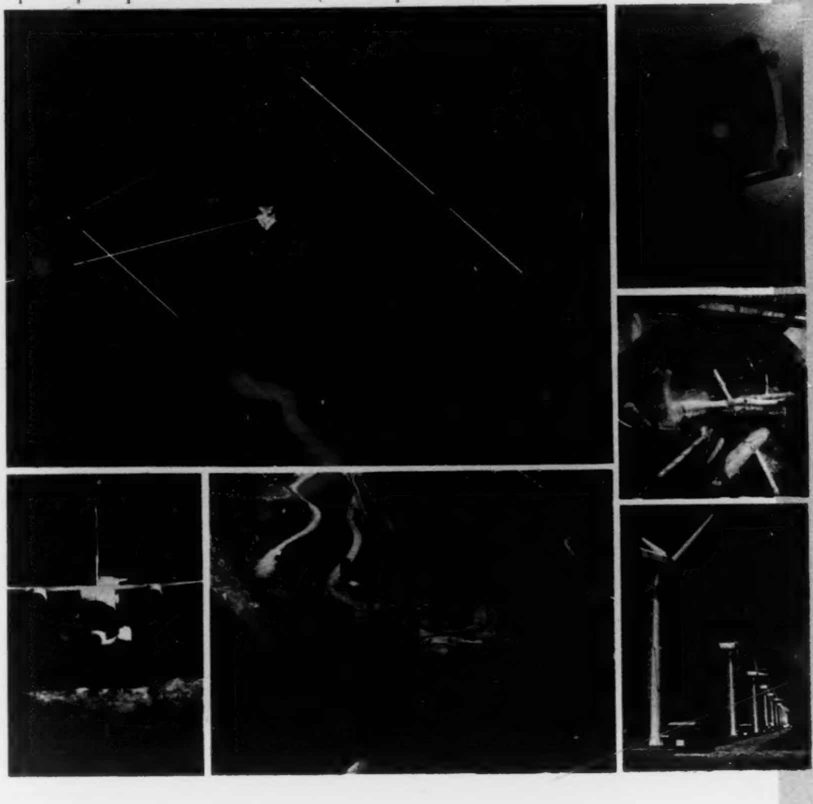

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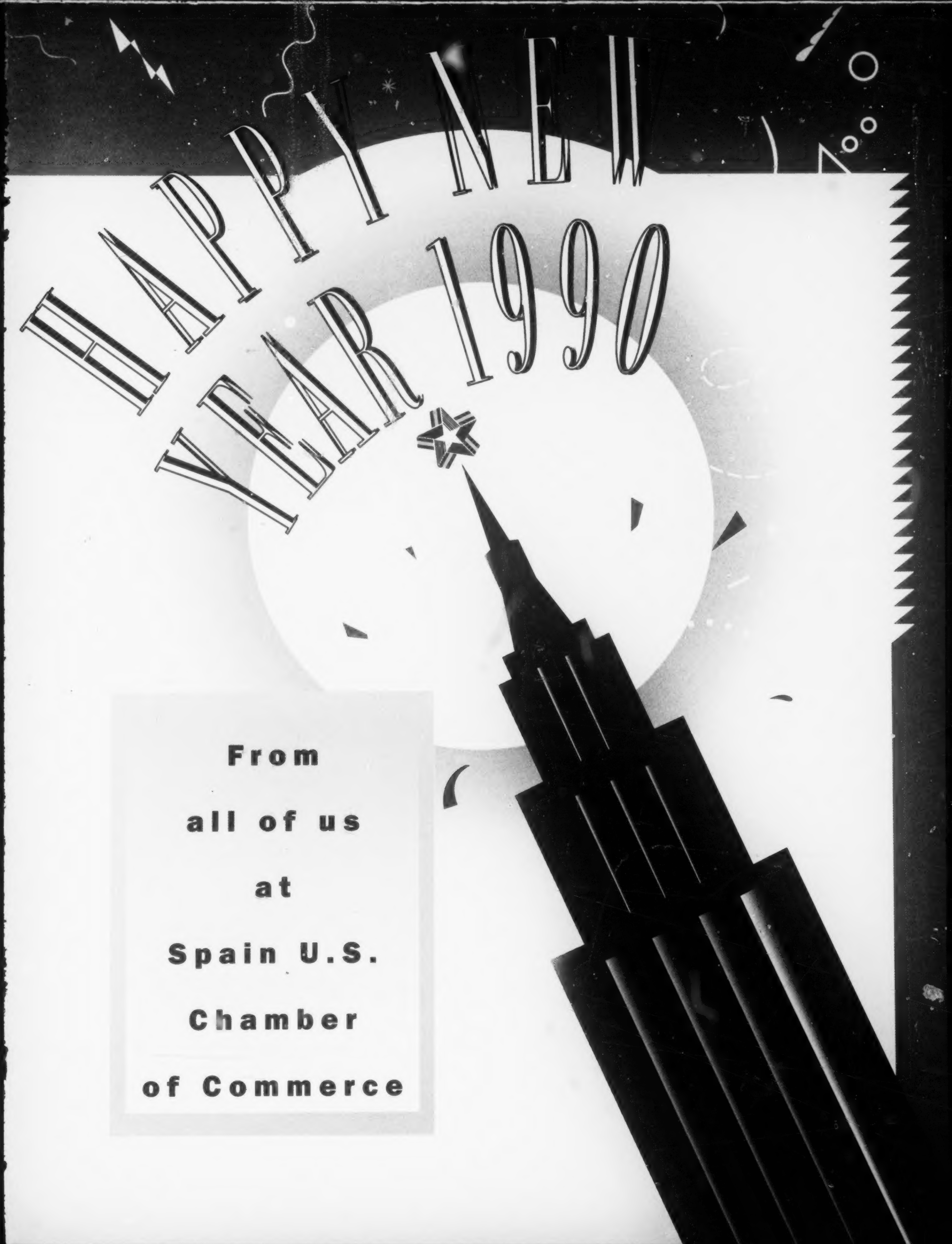
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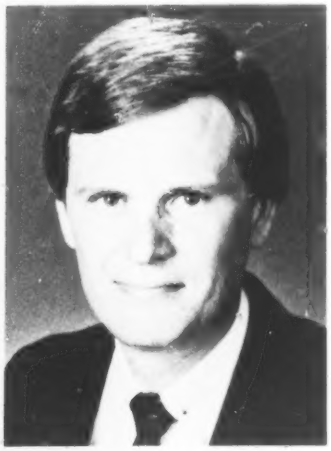
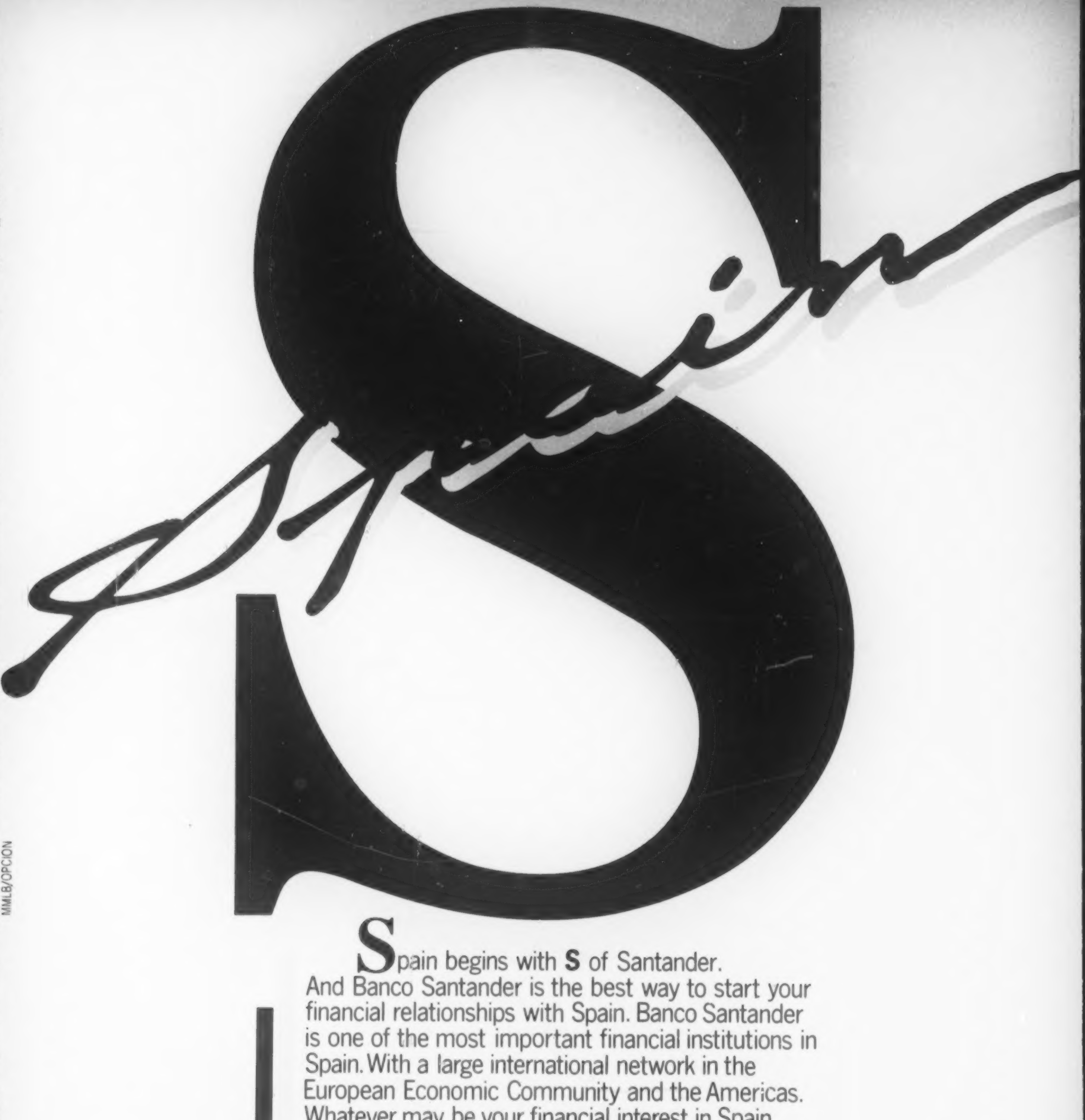
VICTOR G. ABBEY has been named Vice President and General Manager of Busch Entertainment Corporation's new theme park under construction at Vilaseca-Salou in the province of Tarragona, on the Mediterranean coast south of Barcelona. Mr. Abbey has more than ten years experience in the theme park industry.

LUIS BASSAT, President of the Spanish advertising agency Bassat, Ogilvy & Mather, has been nominated to the recently created Worldwide Creative Council of Ogilvy & Mather, of which his firm is the Spanish affiliate. Mr. Bassat is a member of the Ogilvy & Maher Worldwide Board of Directors and also is European Creative Development Director.



RANDEL A. FALCO has been appointed Senior Vice President, Olympics, of the NBC Television Network. No stranger to the Olympics, Mr. Falco played a key role in NBC's successful broadcast of the Seoul Olympics. He will continue in his present capacity as Vice President, Finance and Administration, NBC Sports.

PEDRO DE TOLEDO, Co-chairman of Banco Bilbao-Vizcaya, passed away in December at the Mayo Clinic, where he was being treated for a liver ailment. A brilliant executive, he was the genuine representative of the new generation of Spanish bankers.



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SPAINAMERICA '92

Inc. Magazine Hosts Spainamerica '92

One hundred six American entrepreneurs traveled to Madrid last October for Spainamerica '92, a Business Exchange hosted by *Inc.*, the magazine for rapidly-growing companies. The CEOs and Presidents who attended the three-day meeting learned about Spanish laws regulating foreign investment and met with potential Spanish partners from 180 different companies.

Spainamerica '92 began as a joint effort by the Spanish Ministry of Defense and McDonnell Douglas Corporation to attract American investors to Spain. McDonnell Douglas has initiated an Industrial Benefits Program for Spain as part of a sale of military aircraft to the Spanish Government. Revenue resulting from Spainamerica '92 will help reduce their monetary commitment to the Government of Spain.

Many sponsors joined McDonnell Douglas in promoting American investment in Spain. The following organizations helped make Spainamerica '92 a reality: Corporación Financiera Caja de Madrid, Sociedad de Desarrollo de Navarra (SODENA), Iberia Airlines, Instituto de Fomento de Andalucía, Instituto de Fomento de la Región de Murcia, Industrial Development of the Region of Madrid (IMADE), Arthur Andersen y Cia, and Cuatrecasas Fabregat.

American entrepreneurs were invited to the Business Exchange in a special *Inc.* section which focused on the benefits of doing business in Spain and what to expect in 1992. Mr. Edward Schumacher, former Bureau Chief in Spain for *The New York Times* wrote and edited the section, which drew *Inc.*'s involvement in Spainamerica '92 and ensured that only CEOs and Presidents attended the exchange, making it possible for compatible American and Spanish companies to sign contracts on the spot. The average size of the American companies that attended was $38 million in sales; most were manufacturers. All industries were represented, including high technology, fashion, health and beauty, finance, information processing, environmental and pharmaceutical companies.

The American executives spent their three days in Madrid learning

One hundred six Spainamerica '92 participants hear Spanish leaders discuss business opportunities in Spain.

> "The government has realized that American dollars are best spent establishing facilities and increasing employment."

about Spanish business and culture. Presentations on Spanish laws, customs regulations and financial procedures were interspersed with one-on-one meetings between the companies and cultural events.

Spain's Secretary of Defense, Excmo, Sr. Rafael de la Cruz, welcomed the visitors to the Meliá Castilla Hotel on the first day of the conference. Other speakers included Excmo Sr. Antonio Rodríguez, Spanish Ministry of Defense; Edward Casey, Deputy Chief of Missions, U.S. Embassy, Madrid; Michael Sheedy, Vice President of Operations, McDonnell Douglas; George Gendron, Editor in Chief, *Inc.* Magazine; and Fernando Sánchez, Iberia Airlines. Executives from U.S. companies AT&T, Arthur Andersen, Hewlett-Packard, and Riverbend discussed their experiences doing business in Spain.

Government officials from, Navarra, Murcia, and Madrid spoke to the entrepreneurs about the business opportunities in their regions. Guests were treated to a Spanish dancing performance and presented with small gifts from each region, including a bottle of an excellent Navarra red wine.

Spainamerica '92 was a success. The Business Exchange brought compatible American and Spanish partners together and gave American entrepreneurs the legal and technical information they need to invest in Spain. Many executives said that they are now considering doing business overseas for the first time. Others said it would have taken them two years to get all of the information provided during the conference.

The legacy of Spainamerica '92 continues as over thirty-five business contracts are now being negotiated and more are sure to follow in the wake of ongoing discussions. There will undoubtably be millions of dollars invested in Spain as a result of this innovative program.

If you would like to attend the October 1990 session of *Inc.*'s Business Exchange in Madrid, please contact Mr. Paul Perkins, Associate Publisher, *Inc.* Magazine, in New York. ☐

Some Success Stories from Spainamerica '92

CEOs and Presidents from 60 privately-held American companies met in Madrid from October 29 through November 1 to discuss business opportunities with their Spanish counterparts. This unique exchange of ideas and commerce, called Spainamerica '92, was hosted by *Inc.*, the magazine for rapidly-growing companies.

Spainamerica '92 was kicked off last April in a special *Inc.* section which focused on doing business in Spain and what to expect in 1992. *Inc.* invited its readers to participate in this Business Exchange, and participants were chosen from 450 applicants.

The objective of Spainamerica '92 was to bring together Spanish and American executives with similar interests and the authority to make deals. *Inc.* was able to provide these attendees because most *Inc.* readers own their companies and have absolute authority to make decisions. In addition, *Inc.*'s readers trusted the magazine to put together a business event that would prove beneficial and worthy of an entrepreneur's valuable time.

Spain is an attractive place for U.S. companies to invest. The Spanish government provides incentives such as employee training, tax benefits and currency transfers. With inflation and unemployment at all-time highs, the government has realized that American dollars are best spent establishing facilities and increasing employment.

Manufacturing companies made up nearly 70% of the attendees, with the other 30% divided between service and distribution. Firms dealing in waste management and pollution control products were most sought out by Spanish companies, with manufacturers of medical equipment, high technology and light industry also in demand.

Two companies have agreed to build plants as a result of million dollar deals signed during Spainamerica '92. Several others are continuing discussions with potential Spanish partners. *Inc.* tracks the results of this program in cooperation with the participating sponsors (McDonnell Douglas,

Toasting the success of Spainamerica '92 at the AT&T cocktail party are (L to R) Paul Perkins, Associate Publisher, *Inc.* Magazine; Alberto Gutierrez, President, Geoscience Consultants Ltd.; and Wilson Harrell, Publisher, *Inc.* Magazine.

AT&T, Arthur Andersen, Cuatrecases Fabregat, Iberia Airlines and Corporation Financiera—Caja de Madrid).

The following are five success stories from Spainamerica '92:

Citibag: This manufacturer of disposable plastic bags hit the Spanish market with exactly what it needs—a way to dispose of garbage without further damaging the environment. Citibag President, Michael Dimin, saw Spain not only as a new market for the product, but as a distribution point for the rest of Europe. "I've had my company for 10 years and I never really thought I could do business overseas. I attended *Inc.*Magazine's Spainamerica meeting and found myself across the table from a member of the board of directers of a multi-billion dollar company who wants to do a joint venture with me," Dimin said.

Captive-Aire Systems, Inc.: Captive-Aire manufactures exhaust hoods for commercial cooking. The advanced design of this company's product utilizes light-weight stainless steel, making the hoods more economical to ship. The Captive-Aire CEO, Bob Luddy, impressed a Madrid company, Centriven, with his plant operations and expansion ideas. Now President Bob Luddy and Centriven have a joint venture proposal in the works.

Centriven executives have already scheduled a visit to the States and Luddy will probably return to Spain for another tour of the Centriven plant.

"The best part of the conference was the ability to make contacts with Government officials and potential customers and joint venture partners for future operations," says Luddy. "We have now been provided with all the information and contacts necessary to proceed to develop our Spanish and European operations."

Color Computer Imaging: Color Computer Imaging (C.C.I.) uses laser graphics to reproduce photos onto t-shirts, jackets and other clothing. Although this is a billion dollar market in the U.S., the product has yet to make an impact in Europe. Tony Cosacchi, President of C.C.I., has already tapped into Spain's potential. He has an exclusive contract with a sports artist who will sketch events at the Barcelona Olympics to be laser reproduced onto clothing.

At Spainamerica '92, C.C.I. signed a joint venture agreement with a Spanish manufacturer of high resolution laser machines. C.C.I. will import these machines for use in their operations and establish a distribution center to market the machines in the U.S. In Spain, C.C.I. will establish a factory to create and distribute laser graphics clothing to all of Europe.

"We went over to Spain to talk about some basic ideas and came away with one of the most highly innovative ideas we have seen in years," says Tony Cosacchi. "If it had not been for Spainamerica '92 we would probably never have gotten to Europe."

Lifescience Corporation: Lifescience Corporation has developed a multi-vitamin which also acts as a cancer preventative. When this product hits the market, it will be the first vitamin ever endorsed by a cancer research center. While in Spain, this company met with three pharmaceutical firms—two in Madrid and one in Barcelona. The Barcelona company has already visited the U.S. to view Lifescience's operations. After more follow-up, both sides feel certain they will enter a joint venture. Love Nance, a Lifescience executive who attended, felt encouraged by the 6% rate of growth in Spain. "There was a refreshing can-do attitude in Spain that I did not feel when I later visited Italy and France," she said.

Excell Telecommunications: Excell President Don Arsenault went to Spain with one idea in mind and came away with projects for two completely different joint ventures. One involves manufacturing a sports shoe. Arsenault met with several manufacturers from Segovia and Toledo and gave each of them a prototype of his shoe. He asked for a production breakdown, including quality of leather, time to

On the dais at the first morning session are (L to R) Excmo. Sr. Antonio Rodriguez, Spanish Ministry of Defense; Edward Casey, Deputy Chief of Missions, U.S. Embassy, Madrid; and Excmo. Sr. Rafael de la Cruz, Spanish Secretary of Defense.

Michael Dimin, President, Citibag Inc., meets with members of a Spanish company to discuss building a plant in Spain which will service all of Europe.

Enrique Tierno, Director General, Caja de Madrid, discusses finance options in Spain.

Don Arsenault (right), President, Excell Telecommunications, shows a Spanish shoe manufacturer a prototype for a casual sport shoe.

SPAINAMERICA '92

(CONTINUED)

manufacture and cost. The Toledo company is the front runner to get Excell's business.

The second venture is probably the most bizarre business proposition to come out of Spainamerica '92. It grew from an idea Arsenault had while networking with Spanish entrepreneurs. The U.S. has underbred Holstein cows to the point that after the milk producing years are over, they are not good for anything except fast food burgers. The Spanish and the French have found a way to re-breed Holsteins to be fat and healthy-looking. A Florida company Arsenault knows of produces high quality feed made from oranges and hops residue (used to make beer). Arsenault will export this feed to the Spanish and import the improved Holstein embryos.

These are only a few of the companies which continue negotiating with Spanish firms. Others include manufacturers of golf shoes, pipes, and tubing and distributors of video equipment.

The CEOs and Presidents of all 60 American companies went to Madrid with visions and blueprints. Almost none had previous knowledge of what Spain could offer. Most came back to the States with plans for future trips and more discussions. Spainamerica '92 revealed that Spain is not simply a place to expand global market share, but a country with tremendous new business potential of its own and as a gateway to the rest of Europe. ☐

Mahmood Kazi, President, Peabody Galion, meets with Spanish businessmen to discuss a possible joint venture during the Business Exchange.

McDonnell Douglas personnel from Spain and the United States share lunch together.

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Ronn Wiegand
WINE COUNTRY Magazine,
May, 1985

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THE WINE SPECTATOR,
November, 1986

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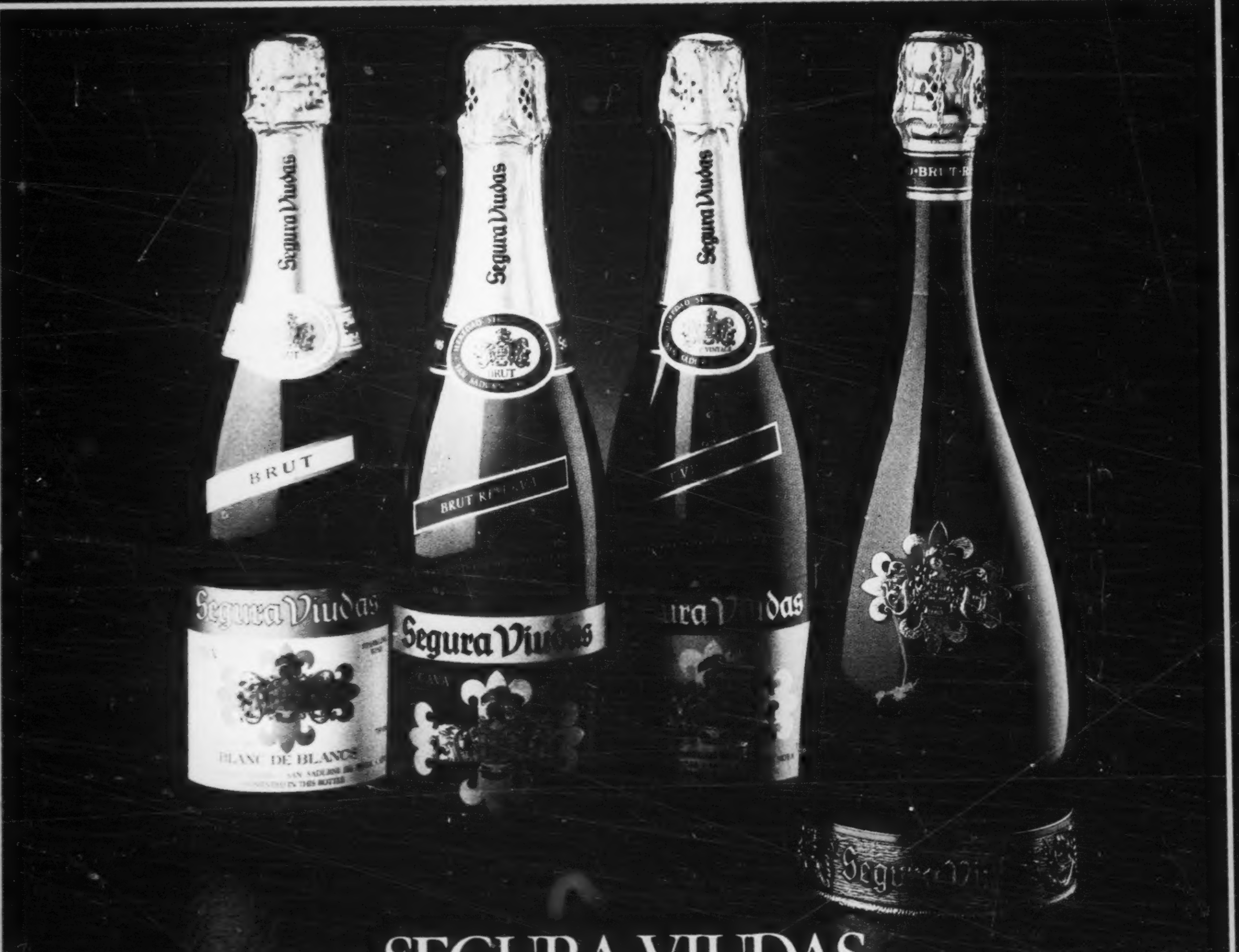
Anthony Dias Blue
Wine Editor, BON APPETIT,
June, 1985

"Very serious sparkling wine. Very fine carbonation; pleasant, complex bouquet. The wine is at once delicate and finesse-full, yet fully flavored and rich. Will hold its own with most California products at several dollars less per bottle."

Jerry Mead
National Syndicated Columnist
June, 1987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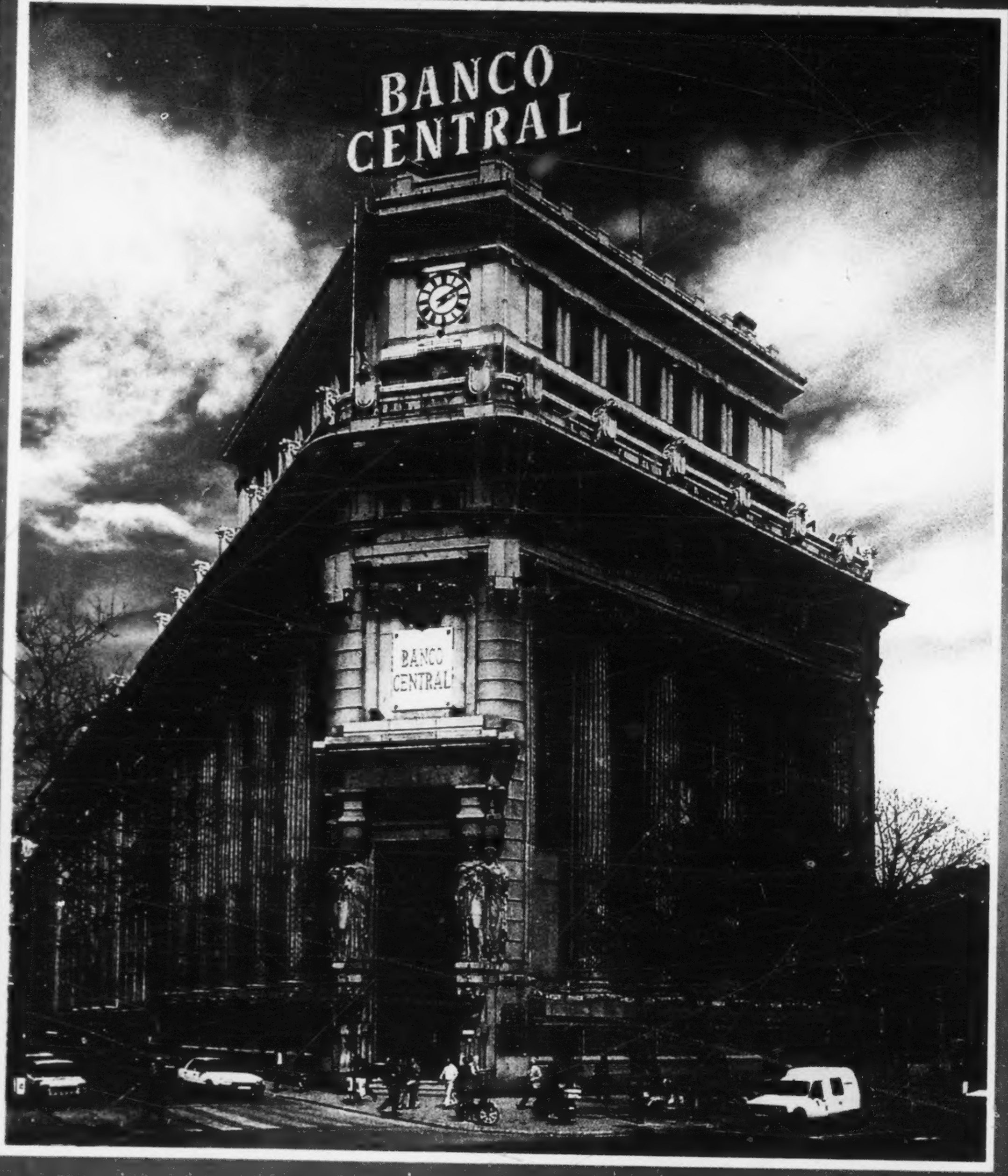

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SEVILLA

BARCELONA'92

Quincentenary Commission and Spain 92 Foundation Appoint Marketing-Licensing Agency

Plan major special projects including voyage of replicas of Columbus' caravels.

The commemoration in 1992 of the 500th Anniversary of Christopher Columbus' voyages to America will be a once-in-a-lifetime event, centered between Spain and the United States and celebrated around the world during the next three years. The Spanish Quincentenary Commission, based in Madrid, and the Washington-based Spain 92 Foundation have announced the appointment of J. G. Stanley & Co., Inc., as the exclusive marketing and licensing agency for the Celebration in the U.S. and Canada. Stanley & Co. will also handle corporate sponsorship rights for the Celebration in conjunction with the Spain 92 Foundation.

The Spain 92/Columbus Quincentenary Program will provide leadership for the implementation of specially-designed projects in the arts, education, science, trade and technology to mark this 500th Anniversary. The program will also present a unique opportunity to celebrate the vitality of Hispanic culture in the United States.

One of the major events planned is the construction of exact replicas of Columbus' three caravels,—the Niña, the Pinta and the Santa María, now in the final stages in Spain. The first and second, the Pinta and the Santa María, have been launched. The three vessels will cross the Atlantic on a commemorative voyage of cultural, scientific and historical significance to various U.S. ports, beginning with a magnificent gathering of tall ships from around the world in New York Harbor on July 4, 1992.

The replica ships from Spain will be the focal point of a nationwide series of exhibitions and special events throughout 1991 and 1992. At the end of their tour, the three ships will remain in the United States as symbols of cultural interdependence and Spain's permanent salute to America.

In addition to this spectacular tour, other special projects are being planned to engage Americans in a thoughtful exploration of the impact of Christopher Columbus' voyages and to serve to strengthen and broaden cultural ties between Spain and America. These projects include television specials, documentary programming, performing arts projects, exhibitions, trade and educational endeavors.

A team of experts in licensing, direct marketing, corporate sponsorship, art, education, and trade, will project the message of this concentrated and coordinated effort to make history come alive through this celebration of our communal past and recognition of our powerful future together.

Joining Stanley in this effort is Chamber Director Luis Bonel, who has extensive experience in the importation and marketing of products in the United States for Spanish companies. □

U.S. Olympic Committee Hosts Meeting of Corporate Sponsors

More than 300 individuals representing U.S. corporate elite, advertising agencies, sports marketing entities and television networks gathered in Colorado Springs, Nov. 15-17, for the USOC's corporate sponsors meeting.

The group was the largest of three the USOC has brought in since it began holding the meetings at the beginning of each quadrennium in 1981.

The groups attending represented an estimated $3 billion to the Olympic Movement on the national and international levels between now and 1992.

Corporate sponsorship will account for 42 percent of the estimated $250 million budget for the 1989-92 quadrennium. Television revenue will account for another 28 percent.

Presentations were given by, among others, USOC staff, representatives from the organizing committees in Barcelona and Albertville, NBC, which has the rights to the 1992 Olympic Games in Barcelona, among others.

John Krimsky, Jr., USOC deputy secretary general for development, also announced a first-of-its-kind agreement between the USOC and the Barcelona Olympic Organizing Committee (COOB). The agreement will allow U.S. corporate sponsors to use the mascots and marks of the '92 Summer Games in their advertising.

"We've created a partnership between COOB and the USOC,"

Krimsky said. "USOC sponsors will have the opportunity for exclusive use of the marks in the United States. It will be like a one-stop shop."

As part of the agreement, COOB will also assist the USOC with hotel and ticket arrangements for the 1992 Games.

It is the first time that an organizing committee and a National Olympic Committee have become partners.

The TOP-II Program, the followup version of the highly successful TOP marketing program, was also discussed. The TOP program is a worldwide sponsorship created by the International Olympic Committee and is jointly negotiated by the Summer and Winter Games' Organizing Committees.

Exclusive rights are granted according to the category of the product. Income is shared among the organizations which take part in the negotiations, i.e., the IOC, the National Olympic Committees and the Organizing Committees for the Games.

There are currently eight TOP-II sponsors. They are: Coca-Cola; Eastman-Kodak; 3M; Matsushita; Ricoh; Time, Inc.; Mars, and the United States Postal Service.

Another presentation was made by Eddie Einhorn, who has helped to negotiate the U.S. Olympic Broadcast Properties package.

The package, as it was described to the corporate sponsors, involves all three major television networks and at least one cable network. Sports Channel America has agreed to telecast up to 125 hours of Olympic-related programming per year while NBC and ABC have agreed to 20 hours each year and CBS 10 hours per year.

Einhorn, who is a USOC television consultant, is negotiating the package to benefit National Governing Bodies and the USOC. Previously, each NGB had been negotiated its own packages. ☐

SPORT SUMMIT

Miguel Botella, Executive of COOB '92, Speaks at 11th International Sport Summit in New York

The 11th International Sport Summit will take place in New York City at New York's Grand Hyatt Hotel, January 18-19, 1990. Speakers from the U.S. and International Sport Marketing and Sport Facility communities will include Josep Miguel Abad, Chief Executive Officer for the 1992 Barcelona Olympic Organizing Committee, and J. S. Blatter, Sec. Gen. of F.I.F.A. (Federation of International Football Association).

Other speakers include: Robert Wussler, President, Comsat, Video Enterprises Inc., Scott le Tellier, President, World Cup '94 Organizing Committee, Jerry Sachs, President, NHL's Washington Capitals and NBA's Washington Bullets; Richard D. Schultz, Executive Director of the National Collegiate Athletic Association; Tex E. Schramm, President/Chief Executive Officer, World League of American Football; Gary Susnjara, Chairman, N.Y.C. Sport Commission Foundation & Former President & Chief Executive Officer, Saatchi & Saatchi; Rex Larder, Senior Executive Vice President, Turner Broadcasting System; Adrian Metcalfe, Director of Programs, Eurosports, U.K.; and Sergio Gill, National Television of Spain, Sports Dept., Madrid. Plus some principals of the U.S.A.'s major firms in sport construction, engineering, design and finance, to name a few.

The Sport Summit is the world's largest gathering place for businesses providing products or service to the sports communities. Some candidate cites for the 1996 and 2004 Olympics are expected to attend with officials from many U.S. cities and foreign governments. The International Sport Summit, the longest running conference and exposition on the business of sport events and sport facilities, drew in excess of 1,100 significant sport executives, and 75 exhibitors at its 10th Anniversary meeting, in November, 1988, also in New York City. More than 100 members of the working press attended and are expected to attend in 1990.

"The summit attracts only the upper echelon of management in sport-related fields, with emphasis on events and facilities" said Monica de Hellerman, President of International Sport Summit. "Our success, since 1973 is due to our objectivity. We offer the only free, unbiased forum and marketplace for the sport business community."

Sport executives and administrators can take advantage of a variety of ways to participate in the international sport summit—as an exhibitor, an advertiser, video showcaser and a registrant. As an added feature at the 1990 exhibit, giant video projection screens with many monitors will be displayed throughout the Summit's exhibit rooms, thus providing a unique opportunity for showcasing client products and services. The main goal is to showcase sport television programming, sport events and sport facilities for the best possible exposure.

Sport Summit topics will include:

- Sport League/Association and major events status reports on:
  World Cup Soccer & F.I.F.A.; 1990-Italy; 1994-USA,
  World League of American Football,
  1992 Barcelona Olympics,
  PGA,
  NCAA.
- Sports event marketing and sponsorship.

(CONTINUED ON PAGE 49)

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SPORTSUMMIT

(CONTINUED FROM PAGE 46)

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- The Sport watch-out panels:
  Sport event and sport facility horror stories Part II: case studies, protection of ideas—what to do when someone steals your sport event idea.

- Sport and government:
  Sport franchises—how to get them and how to keep them. The role of sport commissions and authorities, Effective liaison with government for successful events and facilities, plus public and private financing of major sport events and facilities and impact of sport events on tourism fact/figures.

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For more information please contact: Monica de Hellerman at (212) 239-1061 or (212) 503-5306, or at 372 Fifth Avenue, NY, NY 10018. We can be reached by fax at (212) 947-0396. ☐

Six New Hotels for Barcelona Will Add 2000 Beds for '92

The Barcelona City Council has approved a Hotel Plan which will create six hotel complexes with more than 2,000 beds between them for the visitors who will come in 1992. These new hotels will supplement the accommodation already guaranteed for the Olympic Family.

The success of COOB'92's Accommodation Plan was guaranteed in March this year, when an agreement was signed between COOB'92 and the Barcelona Hotels Association, under which 15,500 hotel beds, representing 80 percent of the city's total hotel capacity, will be reserved for visitors in 1992.

The provision of accommodations for the Olympic Family was further guaranteed when contracts were signed for the construction of the Press Villages at Montigala and Vall d'Hebron. Meanwhile, construction work at the Olympic Village in Poble Nou was already under way. This will have room for 15,000 athletes, and according to ex-U.S. athlete and member of the Athletes' Committee, Anita De Frantz, "it will be the best and prettiest Olympic Village in the history of the Games. I would like to go back to active competition, if only to live in that wonderful place by the sea."

This accommodation plan for the whole of the Olympic Family, with firm contracts for 1992, was given the final touch by the plan to use six ocean-going liners as floating hotels, which meant that COOB'92 had available more than 40,000 beds, guaranteeing that there would be accommodation for the whole of the Olympic Family.

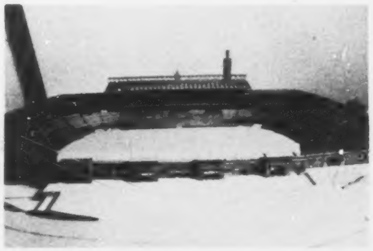
Nonetheless, there was some worry about the accommodation of the spectators and visitors who will flock to Barcelona for the Games, in spite of the fact that 17 new hotels were already under construction at or very near the Olympic sites, all of which will be ready for use before 1992. For this reason a new Hotels Plan was prepared by Barcelona City Council, and after discussion by all the parties represented on the Council, agreement was reached on the construction of six new hotel complexes in Barcelona itself, making 2,000 more hotel beds available. ☐

—*Barcelona Olympic News*

Barcelona's Montjuic Olympic Stadium Opens After Reconstruction

After having been completely modernized, Barcelona's Montjuic Olympic Stadium opened in September for the V World Athletics Cup, three years before the beginning of the 1992 Olympic Games, which Barcelona will host.

The Montjuic Olympic Stadium began life in 1929 as part of the Barcelona International Exhibition and with a view to the possibility of holding the 1936 Olympic Games there.



This failed to materialize then, but now the dream is about to become a reality, for many of the events of the XXV Olympiad in 1992 will take place there.

The Barcelona City Council set in motion the ambitious modernization project in 1983, with an eye on Barcelona's candidacy for the 1992 Olympics. The reconstruction was made with funds from the Consejo Superior de Deportes. It has entailed the complete redesign of the interior, preserving only the façade in honor of the Olympic spirit and the ambition of its original promoters.

No better event could have been chosen for the reopening of the stadium than the World Athletics Cup, which initiates the long series of sporting events of primary importance which will culminate in the 1992 Olympic Games. ☐

1992 EVENTS

Barcelona Olympics Will Open Doors for U.S. Business

Preparations for the '92 Olympics are generating a wealth of commercial opportunities.

By Mary Beth Double

Spain is now undergoing many changes in preparation for the XXVth Summer Olympic Games in Barcelona in 1992. As a result, a wealth of contracts and other commercial opportunities are being generated. The overall economic impact on Spain will be approximately $8 billion.

For Spain, 1992 is an important date. In addition to being the year of the Barcelona Olympics, it is the target date for completion of the European Community's (EC) Single Internal Market. Spain will also host a Universal Exposition, Expo '92, in Seville and celebrate the quincentennary of the discovery of the Americas. In addition, Madrid will be designated the cultural capital of Europe for 1992, with major ballets and opera companies, art exhibitions, and other cultural activities visiting the city throughout the year.

It is estimated that 170 countries will participate in the Barcelona Olympics, and nearly 3 billion people worldwide will see the Games via television. King Juan Carlos I of Spain, the only head of state to have participated in the Olympics (1972), will officially open and close the Games.

These Summer Olympics will be the first held in Western Europe in 20 years and the first ever in Spain. The Spanish note that these Games will be significantly different from the 1988 Seoul Games in many respects. There will be two additional sports, nearly 1,000 more athletes, nearly twice as many computer terminals, and 11 additional sports facilities. At this stage, there are no indications of the political tensions or boycotts which have plagued serveral of the last Olympic Games.

The Games will take place July 25 through August 9, 1992 in Barcelona, the capital of the Spanish region of Catalonia. Greater Barcelona is the largest metropolitan area in Spain, having a population of 4 million, with 1,700,000 within city limits. It is located 92 miles from the French border on the Mediterranean coast and is easily accessible from the rest of Europe. It enjoys excellent highways, as well as air and rail links. Barcelona is a financial and industrial center for textiles, apparel, paper, printing, chemicals, electronics, metal goods, and food products.

Catalonia has a rich historical and cultural heritage, and its local language, Catalan, will be one of the four official languages of the 1992 Summer Olympics. Catalonia is one of the most heavily industrialized regions of Spain, accounting for 6.3 percent of Spain's territory, 15 percent of the population, 25 percent of the national GDP, and 26 percent of total exports. The region is an important economic and commercial center, experiencing fast growth in many industrial and service sectors. Foreign investment in Catalonia is increasing steadily, and more than 60 multinational companies have established plants around the city of Barcelona.

Catalonia and Barcelona will experience extraordinary infrastructure development over the next three years. As a result of the Olympic Games, the region will have greatly improved sports facilities, hotel capacity, technological base, communications network, and transportation facilities.

The Barcelona '92 Olympic Organizing Committee is responsible for organizing the XXVth Olympiad and its vast array of projects. It consists of members of the Barcelona municipal government, Catalonia's regional government, the national government, and the Spanish Olympic Committee. It is headed by Barcelona Mayor Pascual Maragall.

In addition, four municipal corporations report to the Committee. The Olympic Cultural Organization is responsible for Olympic cultural events. Vila Olimpica, S.A. is responsible for building the Olympic Village. Institut Municipal de Promocio Urbanistica i els Jocs Olimpics '92 must report on the feasibility of the infrastructure projects, and Anella Olimpica de Montjuic, S.A. is responsible for the construction of the major Olympis sports facilities in Barcelona. Also, in December 1988, a new organization, the Olympic Planning Commission, was created to plan and provide security at the Summer Games.

The Games will be financed through the sale of television rights, sponsorship, licenses, tickets, and commemorative coins and stamps. Spain's public sector is responsible for investments indirectly related to the Games, such as development of the transportation and communication systems and other public works.

The Committee estimates that, of

MARY BETH DOUBLE was selected as Spain Desk Officer for the Department of Commerce in August 1988. She specializes in bilateral commercial trade policy and counselling U.S. firms that are exporting to or investing in Spain. She works closely with the Foreign Commercial Service Officers in Madrid and Barcelona. During a recent visit to Spain, she met with several Chambers of Commerce, fair authorities, trade associations, government officials, regional development groups, and other Spanish organizations to help further U.S. commercial objectives. She joined the Department's International Trade Administration in March 1986, after completing an extensive management training program at First American Bank in Washington. Born in Virginia, she has also lived in Ohio, Michigan, New York, and North Carolina. She graduated from the University of North Carolina at Chapel Hill in 1983 with a Bachelor of Arts in Economics.

the nearly $8 billion Spain will spend preparing for the Olympics, $691.9 million will be in telecommunications, $289.6 million in the communications network, $241.6 million in cement, concrete, and prefabricated units, $248.7 million in earthmoving, and $181.7 million in utilities installations and equipment. Major infrastructure projects include construction of and/or improvements to the Olympic Village, sporting facilities, national railroad, airport, highways, subway, Vallvidrera Tunnel, seapark, various telecommunications projects, and other urban development projects.

Commercial Opportunities

U.S. companies will find many commercial opportunities associated with the Olympics, directly related to the organization of the Games themselves or indirectly created through the wide variety of public works and infrastructure projects. These Olympic opportunities present U.S. companies with an excellent opening to a permanent European marketing program. However, the U.S. and Foreign Commercial Service strongly suggests that interested companies seek Spanish representation because technically qualified firms not represented in Spain are not likely to be selected by the Committee.

Direct opportunities for which U.S. companies face excellent prospects are construction management technology, financing, security equipment and services, computer equipment, software, computer services, medical equipment, health care services, and other services. FCS notes that the Spanish may favor organizations which have had experience in previous Olympics, particularly in the services sector. U.S. companies may also directly participate as Olympic sponsors, official suppliers, or licensees. The FCS in Barcelona will offer support to U.S. companies seeking these opportunities by facilitating interviews and hosting presentations.

FCS stresses that, since the Committee has already drawn up its master plan, and since construction on the sites is well along, U.S. firms should pursue these opportunities immediately. For those products or services that the Committee cannot procure through sponsorships or licensee arrangements, it will offer an invitation for bids on a reserved basis to a select group of suppliers known to or prequalified by the Committee.

There are three types of Olympic sponsorships: International/Worldwide, International/Bilateral, and Spain. The International/Worldwide Sponsorship program, called TOP-2, grants worldwide sponsorship for only ten product categories: soft drinks, photographic products, courier services, breakfast cereals and mixes, snacks, English language magazines, credit cards, portable typewriters, fast food, and audio/visual equipment. Exclusive, worldwide rights are granted for each product category. TOP-2 is run by the International Olympic Committee through its agent—the ISL Company, the Barcelona '92 Olympics Organizing Committee, the Albertville Olympics Organizing Committee, and the U.S. Olympic Committee. The rate charged will depend on the yield each product category obtains from the Olympic Games. To date, firms designated under TOP-2 include Coca-Cola, Kodak, Time, VISA, and the U.S. Postal Service.

> **66 *Spain's new foreign investment policy allows companies more flexibility in financing capital investments, and foreign companies can more easily establish subsidiaries in Spain.* 99**

The International/Bilateral Sponsorship covers a second group of products that can be offered for official sponsorship and as official suppliers. However, exclusive, worldwide rights are not granted. The rate charged will depend on the yield each product category can obtain from the Olympic Games. Agreements are negotiated between the Committee and ISL Company.

For the third type of sponsorship, the Committee has freedom to negotiate sponsor/supplier agreements. There are four levels of participation under this category: Partner, Sponsor, Supplier, and Licensee.

A Partner is a company whose collaboration is essential to the Games and that contributes at least 2.5 billion pesetas (approximately $21 million) to production of the Games. To date, the Committee has awarded partnerships to Telefonica (the Spanish state telephone company), Rank Xerox (for copiers), IBM (for main computers), SEAT (for vehicles), and Banesto/LaUnion/Fenix (for financial services). One partnership, for sound and image equipment, has yet to be designated.

A Sponsor is a company wishing to incorporate the image of the Games into its marketing strategy. The company must contribute at least 900 million pesetas (approximately $8 million).

A Supplier must contribute goods or services needed for the Games. The value of the contribution must be at least 150 million pesetas (about $1.3 million).

Licensees may use the Barcelona '92 logo and mascot to market specific products, and they must contribute a percentage of the yield obtained from sale of these products.

U.S. firms have had the best chance to win sponsor/supplier contracts in telecommunications and data processing. FCS notes that, while 80 to 90 percent of the sponsor/supplier contracts have been awarded, 15 telecommunications projects are still open. In the electronics, sound, and image category, four projects are still open: simultaneous translation equipment, display boards, information screens, and closed-circuit TV for the Olympic family. The remainder of the telecommunications projects will not be awarded until 1990. They include intelligent ID/Credit card, electronic bulletin board, sports electromedicine, video telephone, image data base, Olympic Games' opening and closing ceremony support, remote supervision of sports events, interactive video screens, tourist information spot, video conference room, and computer-assisted translation.

Indirect Participation

The numerous infrastructure and public works projects to be completed prior to the Games include airport expansion, new hotel and communications center construction, telecommunications development, and highway, subway, and railway improvements. With the exception of hotel construction, which will be completed by the private sector, the infrastructure proj-

BARCELONA OLYMPICS WILL OPEN DOORS (CONTINUED)

ects will be awarded by the Ministries of Public Works and the Ministry of Transport, Telecommunications, and Tourism in Madrid.

The Olympic Committee is concerned with transporting the number of visitors to the main Olympic Game sites on top of Montjuic Hill. It is currently accessible only by road, and the city wants to extend an existing subway line to it. The Committee hopes to begin construction of the subway extension this summer, and it has requested bids from three companies in France, Japan, and Canada.

Organizers also hope to construct a second beltway from Barcelona Airport to a highway in the northern suburbs of Barcelona, where a number of Olympic sites are located. The project has stalled over disagreements concerning who should pay for it. The airport expansion has also been delayed because of controversies concerning the design of the project and the fixed cost contract.

Spain's Economy

Spain's economy has been transformed significantly since it joined the EC in 1986. Its liberalized investment and trade policies will allow growth in Spain to continue beyond the Olympic's requirements, and the investments generated by the Olympics will stimulate demand.

Since joining the EC, Spain has experienced many changes, making its market more appealing to U.S. exporters and investors. Most significantly, during this transitional period, Spain has viewed foreign investment, new technology, and the competition created by more efficiently produced imports as fundamental to its ability to modernize its industries. Spain sees its ability to compete effectively in the EC as key to its economic future, and it seeks to modernize prior to completion of the EC single internal market. Spain's new foreign investment policy allows companies more flexibility in financing capital investments, and foreign companies can more easily establish subsidiaries in Spain.

Largely as a result of its liberalized foreign investment policy, Spain has become the fifth leading economy in Europe, experiencing a growth rate of more than 5 percent of gross domestic product (GDP) for more than two consecutive years. This is the highest growth rate in the EC and is more than double the average growth rate for all the EC. Also, with steady increases in the average Spanish wage rate and expanding credit availability, the demand for both commercial and consumer goods and services has grown remarkably.

The booming economy has resulted in an increasingly large national foreign trade deficit, but it is offset by investments and invisibles earnings such as those from tourism. The Spanish Government has recently taken precautionary monetary and fiscal measures in order to slow economic expansion, including applying credit controls on banks and increasing corporate tax withholdings. However, Spain's economic confidence is evidenced by its joining of the European Monetary System in June 1989.

Although Spain's membership in the EC has changed its economic relationship with the United States, the low dollar peseta exchange rate (relative to pre-1985 levels) has helped U.S. goods regain their competitiveness in the Spanish market. In 1988, U.S. exports surged by 34 percent over 1987 to $4.2 billion, and the trend continues during 1989. Best prospects for U.S. exports to Spain through 1990 include computers and peripherals, telecommunications equipment and services, electronics production and test equipment, coal, food processing and packaging equipment, safety and security equipment, sporting goods and sportswear, and medical, scientific, and analytical equipment.

This article was based in part on information provided by Ralph Griffin, Commercial Officer, Foreign Commercial Service. ☐

Barcelona Olympic Contacts

For information concerning the *construction of the major Olympic sports facilities in Barcelona:* Ernest Serra, Managing Director, Anella Olímpica de Montjuic, S.A. (AOMSA), Pg. Olímpic s/n, 08004 Barcelona, Spain, tel. (34-3) 424-0508, fax: (34-3) 425-4967.

For information concerning *construction of the Olympic Village:* Ramón Boixados, Managing Director, Vila Olímpica, S.A. (VOSA), Joan d'Austria 7-21, 08005 Barcelona, Spain, tel. (34-3) 300-9813, fax: (34-3) 309-6879.

For information concerning *Olympic cultural events:* Margarita Obiols, Managing Director, Olímpiada Cultural, S.A. (OCSA), Ramblas 74, Pral. 1; 08002 Barcelona, Spain, tel. (34-3) 317-0024, fax: (34-3) 302-3181.

For information concerning *the feasibility of various infrastructure projects:* Jordi Parpal, President, Institute Municipal de Promocio Urbanistica i els JJ. 00. '92 (IMPU), Ronda Sant Pau 43; 08015 Barcelona, Spain, tel. (34-3) 329-0066, fax: (34-3) 329-4374.

For information about *infrastructure project opportunities,* contact either: Ministry of Public Works, Nuevos Ministerios, 28046 Madrid, Spain, tel. (34-1) 253-1660; or Ministry of Transport, Tourism, and Communications, Nuevos Ministerios, 28046 Madrid, Spain, tel. (34-1) 456-1144 or (34-1) 456-3311. For information concerning *security services:* Angel Abad, Director General, Comisión Superior de Seguridad Barcelona '92, S.A., Vía Laietana, 33, 6; 08003 Barcelona, Spain, tel. (34-3) 432-1992 or (34-3) 315-2914, telex: 98992, fax: (34-3) 423-8327.

Questions regarding *other types of direct participation in the Olympics* may be addressed to The Barcelona Olympic Committee at: Comité Organizador Olímpic Barcelona '92 (COOB '92), Placa Font Magica s/n, 08004 Barcelona, Spain, tel. (34-3) 432-1992, telex: 98992 BCNO, fax: (34-3) 425-4967.

For a *complete listing of Olympics contacts and more detailed information on participation in the Games,* contact Ralph Griffin, Commercial Officer, Foreign Commercial Service, American Consulate General, APO New York 09286, telex: 52672, fax: (34-3) 319-5621.

For *information on specific markets,* contact the Spain Desk Officer at the U.S. Department of Commerce at (202) 377-4508.

El Mundo Hispánico,
teniendo en cuenta su población, sus recursos, su cultura y sus posibilidades plurales, podría ser la concentración humana más potente y fértil del mundo. Los evidentes riesgos hispánicos, la fermentación, el rápido y desordenado crecimiento, la propensión a la inestabilidad, tienen un lado positivo y prometedor: son indicios de *vitalidad*, condición previa para todo lo demás.

–Julián Marías
Filósofo

Polaroid

1992 EVENTS

U.S. Postal Service Becomes a Worldwide Sponsor of the 1992 Olympics

The U.S. Postal Service also assembles a worldwide network of postal administrations, a commitment which "will ultimately benefit the public it serves . . . and represents an unprecedented degree of cooperation among postal administrations."

The United States Postal Service has acquired the rights to become a worldwide sponsor of the 1992 Winter and Summer Olympic Games.

In addition, the U.S. Postal Service has assembled a worldwide network of postal administrations, each of which will serve as the "Official Expedited and Package Courier for the 1992 Olympic Games" within their own country. Express Mail Service (EMS), offered by more than 120 countries around the world, will be highlighted as the official expedited mail service.

Through this effort, says Postmaster General Anthony M. Frank, the U.S. Postal Service will play a dynamic role in uniting postal administrations to provide more efficient postal services. The agency's undertaking of this commitment to support the Olympic Games, he says, will ultimately benefit the public it serves.

"The Olympic Games," says Frank, "have come to symbolize the world at its best. Working together, progressing together, achieving together—that's a noble aim, an aim deserving of the support of every American. The U.S. Postal Service believes it can help forge that communications link between every American and between Americans and the rest of the world.

"This unique initiative also represents an unprecedented degree of global cooperation among postal administrations," Frank continued. "We believe this network can provide a vital function in re-affirming the role of postal administrations in the world communications infrastructure and in extending Olympic ideals around the world."

Sponsorship of the Olympic Games is an ambitious undertaking with multiple goals, says Senior Assistant Postmaster General, Marketing and Communications, Peter K. Eichorn. "We see this association with the Olympic movement as an avenue to generate enthusiasm and a sense of pride among our employees. We believe this can make a direct contribution to improve the service we provide our customers.

"We also see this as a way to enhance the economic health of our organization, with tremendous opportunity to offset the cost of participation, return substantial revenue to the Postal Service, and relieve pressure on postal rates."

"As a result of our worldwide association with the Olympics, the Postal Service expects to dramatically increase its market share both domestically and internationally," says Eichorn. The Postal Service will take advantage of the visibility of the Olympic Games to promote its expedited mail and parcel services in a market which has become dominated by private sector competitors.

The issuance of commemorative stamps, the sale of special philatelic products featuring Olympic themes, and the sale of licensing rights for Olympic related products, will contribute substantial new revenue to the Postal Service and assure a notable level of financial support for the United States Olympic Team. Details will be announced soon.

"Traditionally, our normal reaction to financial pressures is to control costs," says Eichorn. "While this is important, we also need to explore new opportunities to build and expand business and revenue in non traditional ways. We see this as a perfect vehicle."

Olympic Sponsorship: A Bold and Ambitious Marketing Move

By Janet Myers
Courtesy of *Advertising Age*

The U.S. Postal Service unveiled its most ambitious marketing project, a 1992 Olympic sponsorship that ties together promotional activities of postal delivery services around the world.

The bold marketing move unites the postal services of dozens of countries, well-placed postal sources said. Those countries will help the U.S. finance the cost of Olympic sponsorship rights, about $15 million for both Summer and Winter Games.

The U.S. Postal Service will be the lead sponsor. Other countries will pay fees that vary according to their size.

> ***“The people who carry the mail throughout the world are proud to sponsor those who carry the torch.”***

Those already signed up include Japan, Brazil, Canada, Nigeria, West Germany, Cyprus, Mexico, Israel and the Olympics' host countries of France and Spain.

The postal service will spend heavily to advertise the sponsorship and will unleash an unprecedented promotional blitz of licensed products featuring Olympic stamps, T-shirts and stamp collecting contests.

Co-sponsoring countries may conduct their own domestic marketing tie-in campaigns.

The first Olympic postal service ad uses the heading, “The people who carry the mail throughout the world are proud to sponsor those who carry the torch.” The ad will be signed by the postal services “of the world.” Young & Rubicam, New York, the U.S. Postal Service's agency, handles.

The U.S. Postal Service expects to collect up to $400 million in profits from all Olympic activities, sources said.

The postal service also hopes its high-visibility campaign will boost its shares of the highly competitive domestic and international delivery services.

In the U.S., the postal service's Express Mail has a 12% share of the approximately $9 billion domestic market.

Market leader Federal Express Corp. was the 1988 Olympic sponsor but didn't exercise its first right of refusal for 1992. Fed Ex has more than 40% of the U.S. market, while DHL Corp. has the lion's share of the estimated $4 billion international market.

The postal service's aggressive marketing program of the past year reflects the initiatives of Peter Eichorn, Senior Assistant Postmaster General for marketing and communications and former VP-North American marketing operations at Polaroid Corp.

Mr. Eichorn has encouraged the postal service to become more like a corporation in its marketing tactics, and sources said he startled competitors by quickly negotiating the Olympic sponsorship.

In each of the next two years, the postal service plans to spend about $40 million on advertising and also plans a significant ad budget increase in 1992, sources said. □

A Message from Juan Antonio Samaranch,

President, International Olympic Committee

At the Olympic Games, for a few precious days, people from all corners of the globe master their differences and fund ways to communicate with each other. And it is this aspect—communications—that makes the U.S. Postal Service sponsorship so appropriate. The world's postal administrations are certainly important to global communications. And, they historically have extended cooperative and helping hands to the world community. That is excellence in keeping with the spirit of the Olympic Games.

Juan Antonio Samaranch

In 1992, the Games return to Europe—thier birthplace. At the same time, this continent will move into an era of economic unity. This setting will offer a unique blend of heritage and future promise. This, too, seems to fit well with our new sponsor in the expedited and package courier services category. I know that the U.S. Postal Service is working cooperatively with the postal administrations which will serve the world. Each of these partner postal administrations shares this goal—to assure that reliable, economical and competitive expedited courier and package services will be available to customers everywhere for years to come.

I am pleased to welcome the United States Postal Service to the Olympic family. To Mr. Frank, the Postmaster General, and all of his managers and employees, I extend congratulations. As you now become associated with our Olympic Games and the goals of the Olympic Movement, I believe you will find our standing in the world community to be consistent with your own. That is to be a symbol of international friendship and a source of great national pride. □

Coca-Cola Sponsorship Agreement Guarantees $15 Million for Expo '92

"A strong presence at EXPO '92 will give corporate participants the leading edge in one of the last growth markets of Europe as Spain enters the Common Market."

Coca-Cola has signed a sponsorship agreement which will deliver a minimum guarantee of 15 million U.S. dollars in revenues to Seville's EXPO '92, the Universal Exposition celebrating the Quincentennary of Columbus' discovery of America, according to Wolfgang Stein, President of the Telemundi Group, exclusive worldwide marketing agent for the Exposition.

Under the agreement, Coca-Cola will be an Official Sponsor and a Concessionaire, with exclusive sales on-site, and will provide sponsorship for entertainment events and/or existing facilities. Coca-Cola is the third U.S. corporation to become an Official Sponsor/Supplier, following IBM and Xerox. The U.S. is now the second largest investor, after Spain itself, in EXPO '92. In third place is the Netherlands, with Alcatel and Philips signed up. Japan, with Fuji Photo Film and Fujitsu, is the fourth largest investor; and Australia, with Australian Primary Industries, and Germany, with Siemans, are tied for fifth position, with Switzerland sixth following an agreement reached recently with Schindler, which as an Associated Company with a promotional license will be a provider of elevators and escalators at the Expo site.

Major Spanish corporate sponsors include: Telefonica España, the Spanish phone company; Tierras del Jerez, a consortium of sherry producers; La Cruz Del Campo, a Spanish beer manufacturer; and a consortium of four Spanish banks including Banesto, Banco Hispano Americano, Banco Bilbao Vizcaya and Banco Central.

In addition, new contracts with four major concessions are ready for signature, three American companies and one Australian significantly increasing America's presence. Corporations from the four most powerful European countries—England, France, Italy and Germany—have been slow to rise to the challenge of EXPO '92, but with 2½ more years to go, their number is expected to increase significantly.

More than 101 nations will be represented and more than 60 million visitors are expected. An estimated 45% of the visitors will travel to EXPO from foreign countries. And the 60 million expected in Seville are a fraction of the total audience size for the event, which will reach a global audience through extensive television coverage as well.

Thanks to the participation of the private sector, the organizers of EXPO '92 new project that they will achieve their goal of 100% financing, producing a revenue stream from ticket sales and marketing efforts, rather than a liability for the Spanish government. This is a remarkable achievement in view of the financial statistics available from previous world expositions.

The Telemundi Group, a global events marketing group headquartered in Monaco, was hired in August 1987 as the exclusive worldwide marketing agent for EXPO '92. The Sociedad Estatal—the financial arm of the EXPO organization—confirms that Telemundi has achieved its success through its innovative marketing plan, offering potential Sponsors, Suppliers, Corporate Participants, Licensees and Concessionaires a multiple-choice approach in structuring packages that not only meet the needs of Spain and the EXPO itself, but commercial packages that are designed to achieve maximum benefit for the commercial investor as well.

The $300 million that The Telemundi Group has delivered to EXPO '92 to-date does not include the significant investments that some corporations are making in permanent facilities on the EXPO site itself. Australian Primary Industries, for example, is spending approximately $100 million on their pavilion alone, which will later become part of a permanent scientific-technology complex. Counting the costs of the corporate pavilions, the overall investment in EXPO from the private sector, through Telemundi's efforts, therefore, surpasses $1,000 million, and this figure is expected to double within the next two years.

A strong presence at EXPO '92 will give corporate participants the leading edge in one of the last growth markets of Europe as Spain enters the Common Market, and as the European market becomes one.

With the strength of the American participation at EXPO '92, it is fitting to quote a statement King Juan Carlos I made in 1986:

> "Spain is very proud of having promoted Christopher Columbus's project under its own sails and banners. If the effort was great, the consequences were immeasurable. We Spaniards owe most of our precious peculiarities to the great navigator and tireless discoverer. For five hundred years we have felt, and we know it to be true, that we are both American and European."

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1992 EVENTS

La Fundación Spain '92 nace con viento a favor

"Ese es el gran objetivo: el de ser un universidad abierta . . . un foro universal de conocimiento que nos permita contemplar el *más allá de 1992*."

Por Tono Martínez

En Washington, D.C., capital de los EE.UU., ciudad famosa ahora por su violencia callejera en los barrios que se abren al sur del Capitolio, se ha creado una nueva Fundación con propósitos eminentemente culturales y con la proa puesta en lo que puede dar de si un reflexión realista de ese macro-evento que es 1992.

Gobierna la nave—y disculpen los de tierra adentro la figura retórica—Rafael Mazarrasa, Santanderino de aficiones marineras, que ha sorprendido en los escasos meses qua lleva al frente de la Fundación por una habilidad sin par a la hora de aprovechar para sus velas los vientos y las corrientes más dispares que confluyen en este antiguo pantano que ahora sustenta, no sin conflictos, un número inverosimil de Grupos de Presión, Fundaciones, Comisiones múltiples, Asesorías, "Tanques de Pensamiento", Embajadas, etc. Nadie podra decir, desde luego, que "Manca finezza" en la sede de estirpe y reminiscencia republicana que ocupa la Fundación, en el 1821 de Jefferson Place.

La primera carecterística interesante de esta Fundación es que tanto su fuente de financiación como su gestión es privada, lo que permite, sin duda, una capacidad de maniobra que no tiene un organismo gubernamental. La Fundación recibe fondos y ayudas de empresas norteamericanas y españolas que estan interesadas en la mejora de las relaciones entre estos dos países. A nadie se le escapa, por supuesto, que la Fundación goza de un absoluto y entregado apoyo de las autoridades españolas que han visto en la Fundación, con buen criterio, un excelente medio para desarrollar programas de colaboración cultural con vistas a lo que 1992, con la Exposición Universal de Sevilla, Madrid Capital Cultural de Europa y los Juegos Olímpicos de Barcelona, significa. Sin olvidar, claro está, el significado profundo que tiene en EE.UU. el inicio de ese sueño que es una Europa Unida.

Las empresas norteamericanas que ya tienen intereses en España, o que los desean tener, han también comprendido el mensaje. Para ellas es vital fortalecer fundaciones como está que mantienen los puentes tendidos y que alejan los temores de una Europa proteccionista o, como aquí es ahora a veces citada, "Fortress Europe". Por otro lado, en pocos meses, la Fundación se ha revelado como un vehículo ideal de introducción de ideas y capitales norteamericanos ante autoridades y empresas españolas, dada la privilegiada situación de crecimiento económico que se percibe en España y sus magníficas relaciones con Latino América.

Otra característica interesante de la Fundación está siendo su apertura de miras a la hora de participar en programas y actividades, públicas y privadas, que ya estaban en marcha a un lado u otro del Atlántico. De este modo, la Fundación animará y acogerá como propias iniciativas que ya se habían puesto en marcha tanto en la Sociedad Estatal para la Ejecución de Programas del V Centenario, en Madrid, como en las diversas Comisiones, Universidades y grupos de diversa índole en los EE.UU. La Fundación se convierte así en un catalizador de iniciativas pero dejando el protagonismo de las acciones a aquellos que las han creado y puesto en marcha.

La Fundación Spain '92 entiende que 1992 es una "excusa" en el mejor de los sentidos para iniciar una nueva etapa de estudio y comunicación entre las diversas comunidades norteamericanas, hispanas, latino-americanas y españolas con la vista puesta en un desarrollo igualitario e integrado. Esta ha sido otra pequeña sorpresa de la Fundación al pretendar que tanto las propuestas que se reciban, tanto como la propia Fundación, no se agoten en 1992, sine que tenqan una vocación de permanencia y continuidad.

Por supuesto que también hay muchas dificultades. Podemos enumerar, brevemente, la enormidad de los EE. UU. y el origen tan diverso de sus comunidades e intereses. En ocasiones, desde Europa, se bromea con el hecho de que EE.UU. no "tenga una larga historia o tradiciones". La realidad es diferente: EE.UU. lo que tiene es muchas historias y muchas tradiciones que conviven por igual en tanto que sociedad multiracial y descentralizada. No hay un EE.UU.: hay muchos EE. UU. Sólo en el ámbito hispano, por poner un ejemplo, se observan profundas diferencias que en ocasiones estorban a una acción conjunta que derivan de un múltiple origen social, económico e histórico. Tenemos a los hispanos de New México, descendientes del período colonial español, a los chicanos de Texas, a los mexicanos de Chicago y California, los puertorriqueños de Nueva York, los cubanos y nicaraguenses de Florida, los campesinos centroamericanos ahora en todas partes e incluso, rizando el rizo, podriamos hablar de importantes núcleos de judios sefardiés hijos también de la diáspora de 1492, etc.

Otra dificultad se centra en la escasa presencia comercial y de imagen que, en general, España ha tenido hasta épocas recientes en este país, al margen de consideraciones históricas obvias qu aquí han sido olvidadas en gran parte. Claro que ello tiene mucho que ver con los propios problemas de España a los largo de este siglo y que hasta fechas muy recientes, hablando en términos de historia, no han podido ser solventados.

Confiando en que la mejor manera de no repetir la historia en sus "noches más tristes" es precisamente a través del análisis serio y de la compresión realista de las motivaciones de pueblos e individuos, la Fundación Spain '92, ha optado por dar prioridad absoluta a todos aquellos programas de ámbito educativo y de intercambio cultural y personal entre las dos orillas de este gigantesco "mare nostrum". Ese es el gran objetivo que la Fundación se ha grabado en el frontispicio de su "carta constitucional": el de ser una universidad abierta en el sentido etimólogico de la palabra, esto es, un foro universal de conocimiento que nos permita contemplar el "más allá de 1992"—y creo que vale la pena y la alegria el ser idealistas—como una nueva era de armonía y de realización de la justicia y de la libertad. ☐

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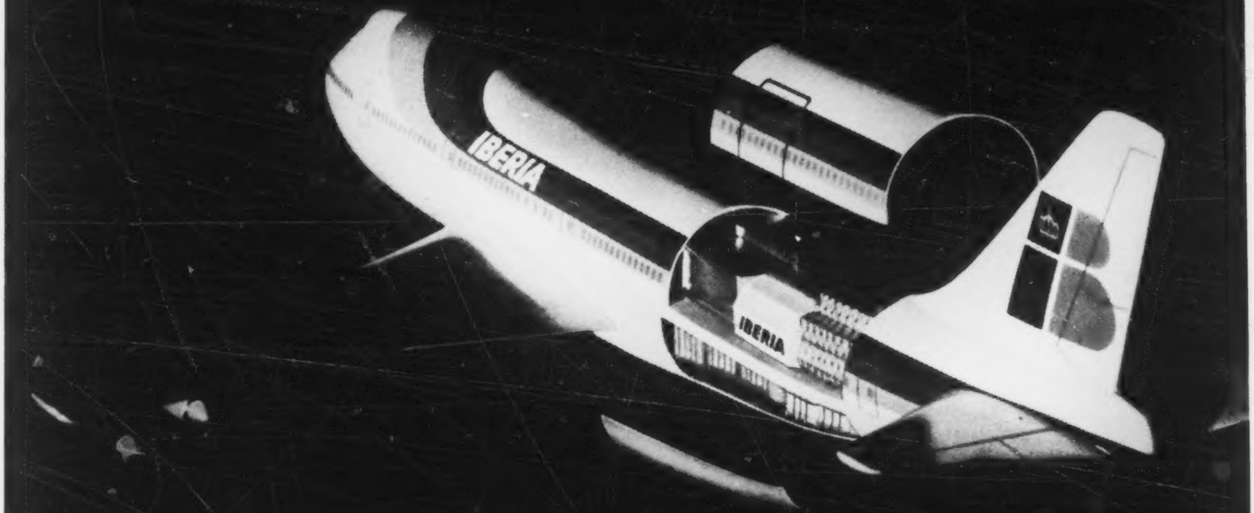

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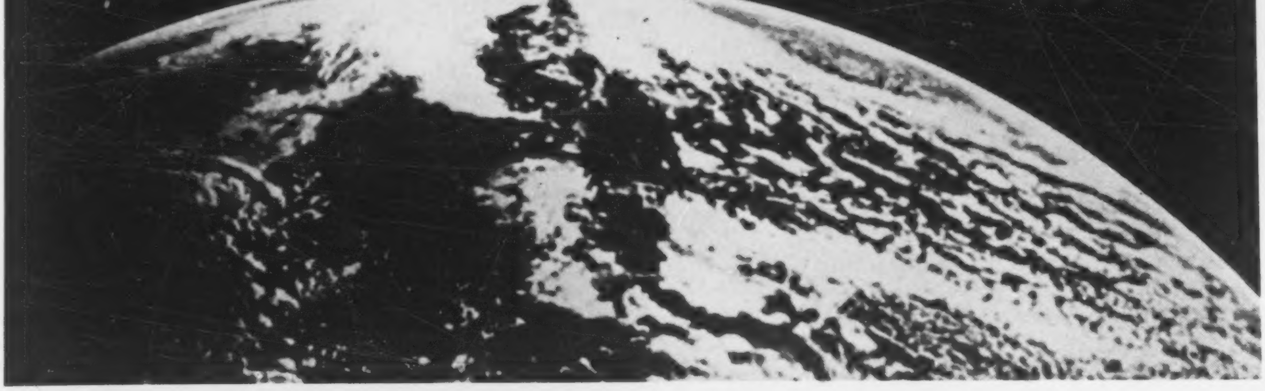

EUROPEAN COMMUNITY NEWS

Europe in the Nineties

"We Europeans are determined to create a true common market which will be at least as free and open as that of the United States."

The Berlaymont in Brussels, headquarters of the European Community.

By Peter Doyle

As we enter the Nineties, there is one year that stands out—1992. It is a particularly important year for Spain and the United States, but also for the European Community.

Americans are looking forward to 1992 especially because it marks the 500th anniversary of the European discovery of the continent by Christopher Columbus. Spaniards have a direct interest in the quincentennial, of course, because it was from Spain that Columbus set out on his epic voyage, which was largely funded by the Court in Madrid.

In addition, 1992 will mark two major "firsts" for Spain—the staging of the Olympic Games in Barcelona and of the World's Fair in Seville. Both events will enhance Spain's growing reputation as a modern and dynamic country which is playing an increasingly important role on the European and world stages.

In addition to these domestic attractions, however, Spain will be working towards another very important goal in 1992—the completion of the economic integration of the 12 member states of the European Community, which Spain joined in 1985.

The 12 countries (Belgium, Denmark, Germany, Greece, France, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and the United Kingdom) have committed themselves to an eight-year program, to be completed by the end of 1992, to abolish all restrictions on the free movement from one country to another of goods, services, capital and people.

In other words, we Europeans are determined to create a true common market which will be at least as free and open as that of the United States, which has contributed manifestly to the growth of the American economy and the competitiveness of American companies in the world market place.

The EC has adopted a three-pronged strategy to achieve this objective. It is aiming to remove all the technical, physical and fiscal barriers that divide Europe, barriers which represent a major cost factor for business and an irritant to the private citizen, not to mention the American tourist.

By technical barriers we mean, for example, the myriad national standards for goods, which we are now rapidly harmonizing. Physical barriers can range from lines at national borders to inadequate road and rail links. The fiscal program involves narrowing the tax and excise rates charged by different national governments.

All of this is being achieved by means of a legislative program of almost 280 measures. Five years into the program, the European Commission, which is the EC's Brussels-based executive, has presented virtually all of the individual legislative items to the Council of Ministers, which corresponds roughly to the Senate in the U.S., and to the European Parliament, which is broadly equivalent to the House of Representatives. About 60% of the legislation has already been approved by the Council and Parliament, so that the program is on target.

The Cecchini Report, an econometric study carried out on behalf of the European Commission, estimated that successful completion of the 1992 program would yield a once-off gain of 5% in GDP, a lowering of consumer prices of around 5% and the creation of 2 million jobs. The jobs have already been created, inflation is at its lowest level in 20 years, and economic growth has been steadily rising. A recent British study reckons that Cecchini underestimated the dynamic effects of the 1992 exercise.

PETER DOYLE is Director of the European Community's Press & Public Affairs office in New York.

> The European Commission has a press and information office in Madrid. It is located at Calle de Serrano 41, 5th floor, Madrid I. The telephone number if 435-1700 or 435-1528. The director of the office is Joaquim Portillo. The Commission is planning to open a second office in Barcelona next Spring.

Not only is 1992 good news for Europeans; it also represents an opportunity for American business, because it will open up a market of 320 million increasingly prosperous Europeans to American products; and American producers, whether based in the U.S. or with a European subsidiary, will have to contend with only one set of rules and regulations rather than 12 separate national ones.

Nor will the new Europe be a fortress, as some commentators on this side of the Atlantic have suggested. The EC is aiming to create an open and liberalized market that poses no threat to American producers other than a more dynamic economy that will make European producers more competitive internationally.

Happily, this fear is receding in the United States, and President Bush and members of his Administration have been very supportive of the goal of European unification. Most recently, Secretary of State James Baker outlined some ideas for a closer and more institutionalized Atlantic partnership, a view which is shared by European leaders.

Such closer cooperation is all the more vital in view of the rapid developments in Eastern Europe, which the EC and the US broadly support. Currently, aid to the East is being coordinated by the EC on behalf of 24 industrialized countries, including the U.S., a role which was entrusted to the EC at the World Economic Summit in Paris last July.

In addition, the EC has already signed trade and cooperation agreements with Hungary and Poland, and has just concluded a framework agreement with the Soviet Union. It is likely to negotiate similar pacts with other Eastern European countries in step with their liberalization, and much political thought is being devoted to the form and content of future long-term relationships with these countries.

There is no question that the EC represents a magnet for the citizens of Eastern Europe — what Jacques Delors, the President of the European Commission has described as "a pole of attraction." Through a rapidly rusting Iron Curtain they can see 12 economically prosperous and politically liberal democracies which together are building a new Europe which many of its neighbors aspire to join. ☐

The European Community's Press & Public Affairs office in New York publishes a monthly newsletter on 1992 development which is available free of charge to U.S. residents. Applications, stating age, occupation and special fields of interest should be addressed to: Peter Doyle, Director
Press & Public Affairs
EC Delegation
305 East 47th Street
New York, NY 10017

"TV Without Frontiers" Directive Establishes Conditions for Free Circulation of TV Broadcasts in E.C.

The E.C. General Affairs Council meeting in Luxembourg on October 3 adopted the directive called "Television without Frontiers" which lays down conditions for the free circulation of TV broadcasts within the Community.

"We have taken an important step ahead", says Jean Dondelinger, E.C. Commissioner responsible for audiovisual and cultural affairs. "The E.C. will have a whole audiovisual space within which it is committed to develop its own audiovisual industry."

Adding to his colleague's remarks, Vice President Martin Bangemann, responsible for the internal market and industrial affairs, underline that the directive clearly marks the opening of the Community to the exterior. Bangemann points out that "criticisms addressed by the American Government are totally unjustified. No element of our directive infringes on the international trading rules. They are all the more unjustified because in the bilateral free trade agreement between the United States and Canada, the United States has explicitly recognized that cultural products are not to be placed on the same footing as other merchandise. They have formally accepted to respect very strict quotas concerning U.S. audiovisual products on Canadian soil."

In early 1989 estimates, the Commission stated that the broadcast time in the European Community will expand from 250,000 hours per year in 1987 to 400,000 hours per year in the 1990s, which will benefit all producers.

The directive establishes a series of minimal standards which will permit the audiovisual sector to benefit from all the advantages of a large market. The directive sets common rules concerning overall time for advertising, sets tight control on alcohol advertising and bans tobacco commercials. Without fixing strict quotas, it stipulates that the majority of programs, "where practicable and by appropriate means", should be reserved to European works in the largest sense since it addresses itself equally to cooperative ventures with other Western European countries and countries to Eastern Europe.

The text also requests that the member states take measures to ensure that television broadcasts do not include programs which might seriously impair the physical, mental or moral development of minors.

Jacques Delors, President of the Commission, commenting in Paris on October 2 on a European audiovisual strategy stated, "I must say to the United States, we have the right to exist and to maintain our traditions. There is no European culture, but several. Each country should be able to defend its own. At least, we should be given the time to do it. There will be no protection of the European market," he added, "but no laissez-faire either." ☐

—European Community News

E.C. and U.S.S.R. Sign Historic Bilateral Trade Agreement

The European Community and the Union of the Soviet Socialist Republics (U.S.S.R.) signed their first bilateral trade and economic cooperation accord in Brussels on December 18th.

The agreement was signed for the Community by Roland Dumas, Foreign Affairs Minister of France, which currently holds the E.C. Council presidency, and by E.C. Commission Vice President for Trade and External Affairs Frans Andriessen.

Emphasizing the accord's political significance, Vice President Andriessen said that for its success "the important condition would be the achievement of far-reaching market-oriented reform in the U.S.S.R."

Signing the accord on behalf of the U.S.S.R., Soviet Foreign Minister Eduard A. Shevardnadze hailed the agreement as being "a large-scale European blueprint for the future" and said that the radical restructuring of the Soviet economy" provides a real basis for interaction between the 12 E.C. countries and the U.S.S.R."

The principal elements of the accord are:

- **a non-preferential, 10-year agreement** which covers trade in all products except Coal and Steel Treaty products and E.C.-U.S.S.R. Textile Treaty products. It grants Most Favored Nation (MFN) status to each party on the basis of the General Agreement on Tariffs and Trade (GATT);

E.C.-U.S.S.R. AGREEMENT
(CONTINUED)

- **provisions for the highest possible degree of trade liberalization** between the E.C. and the U.S.S.R. and for the elimination by 1995 of quantitive restrictions on import quotas for Soviet goods entering the E.C.;
- **a "safeguard clause"** establishing the principle of consultations between both parties. It is foreseen that goods will be traded at real market prices;
- **promotion of trade cooperation** aimed at diversification of trade, improvements in the exchange of trade and economic information; cooperation in customs procedures and trade promotion, and guarantees for individual and property rights.

In return for improved export conditions to the E.C., the accord calls on the U.S.S.R. to facilitate access and improve working conditions for Community business representatives working within its borders toward setting up a trade bureau on a non-discriminatory basis;

- **promotion of economic cooperation** aimed at developing higher living standards, promoting a healthy environment, and encouraging progress in science and technology.

Targeted for special attention under this category are a variety of sectors, including statistics and standardization, industry, raw materials, agriculture and the food industry, the environment, management of natural resources, energy and nuclear research, financial services, tourism, transport and professional training.

Development of a suitable climate for investment in the U.S.S.R. is an associated objective.

- **a joint E.C.-U.S.S.R. Commission** is being created. It will meet once a year to make sure that the agreement is properly implemented. ☐

—European Community News

European Community Adopts 1992 Banking Directives

"The European Community has taken a massive step towards the implementation of the internal market program for 1992."

Courtesy of *European Community News*

Welcoming the final adoption of the Second Banking and Solvency Ratio Directives, Mr. Pierre Beregovoy, French Finance Minister and President of the E.C. Council of Ministers, and Sir Leon Brittan, E. C. Commission Vice-President with responsibility for financial services, issued the following joint declaration at the December 18 Economic and Financial Council in Brussels:

"Today the European Community has taken a massive step towards the implementation of the internal market program for 1992. The Second Banking Directive together with its technical supporting measures establishes a single banking licence enabling authorized banks to provide the whole range of their services in all Member States, on the basis of home country control. So we have given to the Community the largest and most open banking market in the world—a market of 325 million people, almost as large as that of the United States and Japan combined.

"The European consumer will benefit from more choice of banking services. At the same time the more rigorous prudential control set out in the Solvency Ratio Directive will mean improved consumer protection. When this legislation comes into effect the banking sector will be better supervised than ever before; we fully support the consumer's right to a high quality banking service.

"The Banking Directive sets an example of how the European Community approaches relations with third countries across the financial services sector. The reciprocity provisions will ensure freer access for Community credit institutions into third country markets and provide an example of openness for other countries to follow.

"Henceforth, Community banks will be competing on world markets from a position of strength. **Financial services is one of the fastest growing sectors of the Community. It is a key source of new jobs during the 1990s.**

"And those jobs will not just be in the established major financial capitals, but also in the newer centers growing up across the Community, such as Dublin, Edinburgh, Lyons, Madrid and elsewhere, often in the regions, on the basis of lower costs, good communications and now unrestricted access to this single banking market.

"Although the discussions have not always been easy, the political will of the member states to succeed is shown by the fact that agreement was finally unanimous on both Directives. This is an important day, not just for Europe's banking community, but for all its citizens. We have shown the world that the European Community delivers what it promises."

The Second Banking Directive lays down Community criteria under which a member state can authorize the establishment of a bank in its own territory. After receiving this "home country" authorization, the bank can then set up branches in any other member states subject to home country control.

The Directive on a Solvency Ratio for credit institutions is designed to contribute to the harmonization of prudential supervision and to strengthen solvency standards among Community credit institutions thus protecting both depositors and investors, as well as maintaining banking stability. ☐

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Facing the Challenge of the Early 1990s

"The determinants of growth must be improved further, as unemployment although declining, is still very high. This is the main economic policy in the E.C.'s Annual Economic Report for 1989/90."

Courtesy of *European Community News*

The economy of the European Community is in good health, but the disequilibria to which the E.C. Commission has been drawing attention for some time are still there and, in some cases, are becoming more serious. Corrective action, however, can still ensure that growth remains strong also in the medium term. More generally, the determinants of growth must be improved further, as unemployment, although declining, is still very high. This is the main economic policy message contained in the Annual Economic Report for 1989/90, adopted by the Commission on October 18.

Economic growth is continuing strongly, with an expected increase in real output in 1990 of about 3%. Even if this growth rate is lower than the 3.8% achieved in 1988 and the 3.5% expected in 1989, it is still significantly higher than the 1.6% in the period 1982-84 and the 2.6% in 1985-87. High growth rates in investment in equipment and in construction with figures for 1989 and 1990 considerably higher than in 1986 and 1987 investment remain the most dynamic component of demand, together with the growth in exports.

Some of the best news keeps coming from the labor market. With faster economic growth, job creation has speeded up. After the record increases of 1988 and 1989, another 1-1/2 million jobs should be added in 1990 also, because the employment content of growth has increased substantialiy. In the 1960s, annual Gross Domestic Product (GDP) growth of 4.8% barely created 0.3% of new employment, whereas today, a GDP growth trend of slightly above 3% is accompanied by a net annual employment expansion of more than 1%.

Facing Two Challenges

The economic policy in the Community now faces two major challenges:

- to strengthen further the determinants of growth
- to improve convergence towards stability.

Even with the favorable employment trend, unemployment in the Community averages about 9% in 1990 with significant differences between member states. Unemployment must be reduced significantly and the catching-up process of the less favored regions continued. This requires continued increases in investment fostered by moderate increases in real wages, improvement in the saving ratio in many member states, and completion of the structural adjustments in the 1992 Internal Market Program and other Community policies.

The program of the Internal Market has become an engine of growth by creating dynamism. Business throughout the Community anticipates that the completion of the single market is proceeding rapidly, and if these high expectations created should be disappointed this would adversely affect investment, growth and employment.

A sustainable growth can only be achieved by preventing inflationary expectations to pop up and by reducing divergences in inflation, in external balances and in budgetary positions. Inflation has accelerated between mid -1988 and mid-1989 under the combined impact of higher import prices, higher wages in some countries and higher taxes and public service charges in others. Thanks to a swift reaction by monetary policy makers and to the softening of import prices in the course of 1989, this trend now appears to have been halted. In 1990, average inflation in the Community could be reduced to about 4.5% fropm 5% in 1989. The average does however mask the fact that rates within the Community differ widely. Certain member states are still experiencing double digit inflation. The sooner inflation is stopped, the lower will be the price paid in terms of lost growth and employment. The Community has shown that it can successfully reduce inflation even when the external environment seems to be unfavorable: the halving of inflation between 1980 (13%) and 1985 (6%) occurred despite depreciating European currencies and consequently higher import prices.

As for the current account positions, it is good news that the current account for the Community should remain in broad equilibrium. The divergence in the external positions of the member states, however, is expected to go on increasing.

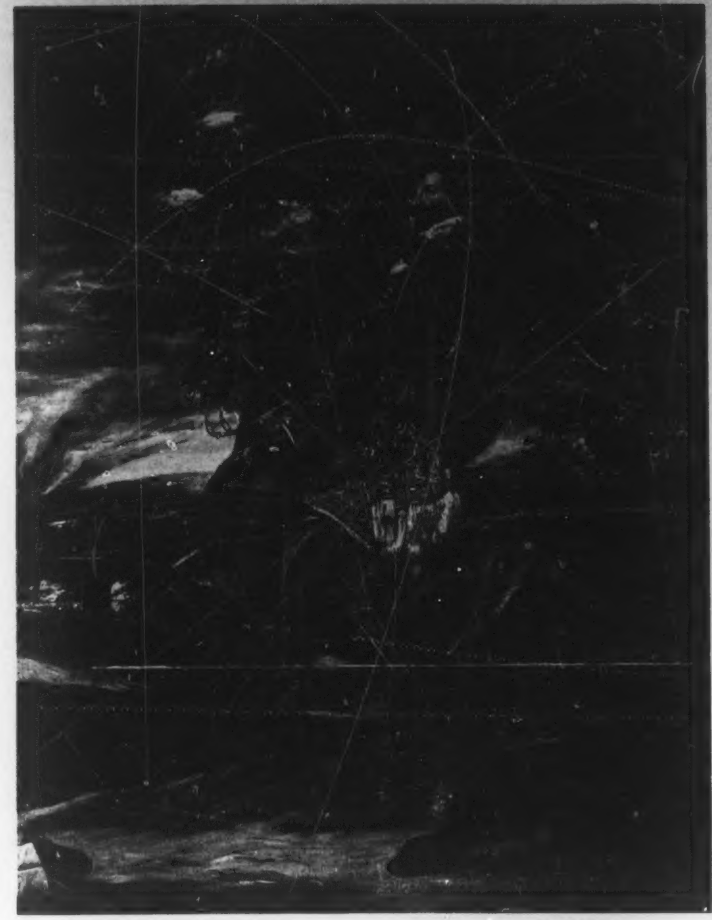
When presenting the Report and asking the Council to adopt its policy recommendations, Vice-President Christopherson, responsible for Economic and Financial Affairs, said:

"The European Economy has regained its strength and its confidence in future opportunities within and outside the Community and it is on the right track towards that balanced, sustained growth needed to create more jobs in the next decade, to keep Europe competitive on the world markets and to ensure that the catching up process within the Community is not impeded. To ensure sustainability, divergences within the Community must be reduced towards sounder levels.

"The progressive opening up of the internal market has a crucial role to play in this dynamic development. It is therefore of paramount importance that this process is not slowed down and expectations are not disappointed. The creation of the internal market

(CONTINUED ON PAGE 71)

The Annual Economic Report for 1989/90 was published in *European Economy*, November 1989 issue, which is available for $19.50 from UNIPUB, 4611-F Assembly Drive, Lanham, MD 20706-4391.



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CORPORATE NEWS

Majorica: Un gran éxito en los EE.UU.

"Majorica ha demostrado que el control de la cadena de distribución, la expansión y la diversificación, son elementos de mucha importancia en el mercado de los EE.UU."

Majorica, es una compañía Española conocida internacionalmente por sus bellas perlas las cuales son creadas a través de un método secreto semejante al proceso que usa la ostra para crear perlas naturales. Majorica distribuye y vende sus productos en 45 países en Europa, Asia, Australia, Norte América y la América latina. En 1954, Majorica se introdujo por primera vez a los Estados Unidos, a través de un importador/distribuidor que más adelante vendió sus intereses a la firma fabricante y distribuidora de bisuterías, Trifari. Las perlas eran importadas sueltas para después incorporarlas a sus diversos diseños.

En 1979, Majorica estableció sus oficinas centrales de los Estados Unidos en New York, y fue entonces que la firma comenzó a importar y distribuir una completa línea de joyas a Norte América. En este período más del 90% de las ventas se realizaban a los grandes almacenes. Majorica cambió esta situación en 1980, cuando Luis Bonel fue nombrado a su cargo presente, Vice Presidente Ejecutivo y Gerente General, y designado con la responsabilidad de cambiar la orientación de la compañía en los Estados Unidos. "Los grandes almacenes nos ofrecieron la oportunidad de comenzar la penetración del mercado americano, pero existían otras avenidas de distribución que tenían que ser exploradas para establecer la mayor diversificación de mercado posible para Majorica," explicó Bonel.

El primer paso tomado por Bonel para aumentar la distribución de Majorica, fue ofrecer la colección de joyas a las tiendas libre de impuestos en aeropuertos, en vuelos internacionales, en las tiendas del Caribe y a bordo de cruceros—zonas francas frecuentadas por turistas. Para este fin la feria internacional de "duty free," que tiene lugar en la Florida todos los años, fue de gran ayuda.

Luis Bonel, Vice Presidente Ejecutivo y Gerente General de la compañia Majorica de joyerias y perlas.

Después de haber completado este paso, Majorica tomó nuevas medidas para continuar la diversificación de ventas de los productos Majorica. La colección fue entonces ofrecida a casas de ventas por catálogo, tiendas de militares (army, air force, navy), y a numerosas joyerías.

Uno de los cambios más significantes y de mayor éxito efectuados por la compañía, due el establecimiento de una red de vendedores propios para Majorica, los cuales reciben salario y comisión. Esta red de vendedores reemplazó los representantes de ventas con multiples productos, que la compañía usaba previamente.

"El establecimiento de nuestro propio grupo de vendedores—exclusivos para Majorica—fue una larga y costosa empresa," dijó Bonel. "sin embargo, los resultados han sido extremadamente provechosos. Las ventas se han triplicado desde el establecimiento de este importante grupo." Estos vendedores además de instalar a Majorica en joyerías, la instalaron en "boutiques" y tiendas de regalos de alto prestigio. Hoy en día, la compañía esta extensivamente representada en todas clases de tiendas frecuentadas por clientes de alto nivel.

Como cada uno de estos diversos medios de distribución tiene sus peculiaridades, necesidades y enfoque, Majorica organizó el departamento de ventas bajo la supervisión de un Director General responsable por las actividades de los Jefes de Ventas al frente de cada categoría—almacenes, joyerías y regalos, el sector militar y zonas francas. Cada jefe entiende su área de especialidad y está encargado con su desarrollo. Majorica ha obtenido una importante penetración en el mercado norteamericano en solamente 10 años.

Bonel, un experto en el mercado americano, ha trabajado durante años en las áreas de importación/exportación y comercio internacional. Le fue otorgada la "Cruz de Oficial de la Orden del Mérito Civil" en 1981, en reconocimiento de sus esfuerzos dirigidos al desarrollo del comercio entre España y los Estado Unidos.

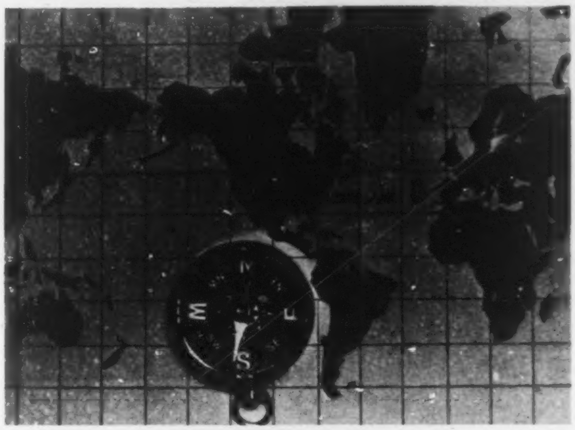
Actualmente, Majorica continua un plan acentuando diversificación; la compañía acaba de lanzar una nueva colección de joyas, creada especialmente para los gustos americanos—la colección "Majorica Oro."

Durante dos años, los diseñadores de Majorica han estado perfeccionando una colección creada con oro 14K para los Estados Unidos, y una para Europa usando oro 18K. Majorica le ofrece a los Estados Unidos brazaletes, collares, colgantes, aretes, anillos y broches—58 artículos en total. Destacando la belleza de los collares y brazaletes, una fina combinación de perlas Majorica con oro. Exquisitos brillantes, rubies, zafiros, esmeraldas y piedras semi-preciosas realzan los aretes, anillos, colgantes y broches. La colección original de Joyas Majorica continuara utilizando cierres de "vermeil."

Majorica también lanzó recientemente un producto para limpiar y mantener perlas—el resultado del programa de diversificación.

En conclusión, Majorica ha demostrado que el control de la cadena de distribución, la expansión y la diversificación, son elementos de mucha importancia en el mercado de los Estados Unidos, y que las ventas deben de estar a cargo de una fuerza de vendedores propios para la firma, que no tengan otros productos que diluyen sus esfuerzos.

Segun Bonel, "Nuestros planes para el futuro incluyen continuar el desarrollo de Majorica utilizando estrategias de venta y mercadería que han resultado un éxito para nosotros." ☐



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U.S.A. NEWS

Languages and Translation: Challenges of the Nineties

As companies enter the 1990's, communication across language and cultural barriers is now a basic business requirement in the global marketplace. With the promise of a single European market in 1992, and trade barriers around the world disappearing daily, companies who want to remain competitive must prepare to do business in the languages of their new customers.

Many multi-national clients of all sizes need to translate marketing and technical materials, produce audio-visual materials in different languages, and arrange for simultaneous or consecutive interpretations for meetings and conferences. The "single source" approach offered by Berlitz Translation Services makes it easy for companies to address all problems relating to language or cultural differences in one place. For example, Berlitz can even research how "natives" of a particular country react to various names being considered for products or companies in that country, helping its clients avoid costly blunders.

While Berlitz is truly a global organization, with 267 wholly-owned Language Centers in 25 countries, the company's management is especially excited about prospective business which is sure to be generated by the events scheduled for Spain in the 1990's. With the Olympics slated for Barcelona and the Universal Expo planned for Seville, as well as the impending changes on the horizon for Europe in 1992, there will be increased demand for Spanish-to-English and English-to-Spanish translation services. Berlitz has already helped giants like AT&T, Marriott and Hewlett Packard launch new products and services in the Spanish market.

Berlitz's specialty center for Spanish in Florida is supported by annexes in New York City, Mexico City, Caracas and Barcelona. Janice Campbell, who heads the Spanish Center in Coral Gables, says that volume has increased fourfold over the past two years. She looks forward to future business opportunities that will arise between the growing ranks of Spanish-speaking and non Spanish-speaking people around the world.

In addition to the language specialty centers, two other functional specialty centers have been created. The Business Document Center, located in Washington, D.C., translates any short document such as simple correspondence, contracts, birth certificates, diplomas and the like from any language—including Spanish-into English. Susan Rials, who heads the operation, says, "In the near future, we will expand the capabilities of the Center to include coordination of all 'into-English' projects." The National Interpretation Center, also in Washington, D.C., manages major projects such as complex consecutive or simultaneous interpretations.

In March of 1989, Berlitz acquired its most respected competitor, Euramerica, a division of The Ogilvy Group. This acquisition provided additional translation, graphics and marketing resources which could be focused on providing an expanded range of language management services.

In addition to Berlitz, as always, the Spain-USA Chamber of Commerce welcomes information from all our members about how they are planning to position themselves to service the binational and global business community on the verge of the 21st century. ☐

José Carreras y Amalia Lacroze de Fortebrat reciben las medallas del Spanish Institute en la cena de gala tradicional

El viernes 17 de noviembre tuvo lugar en el gran salón de baile del hotel Pierre de Nueva York la tradicional cena de gala con motivo de la entrega de las medallas del Spanish Institute a dos relevantes personalidades, española y americana, que han contribuído a propagar la imagen de España en el ámbito internacional. Los galardonados de este año son el gran tenor José Carreras y la Embajadora Itinerante de Argentina Amalia Lacroze de Fortabat. José Carreras es además el fundador de la Fundación Internacional José Carreras para la Lucha contra la Leucemia. El Spanish Institute, fundado en 1954 en Nueva York, es una organización norteamericana privada no lucrativa, que constituye el principal lazo cultural entre España y los Estados Unidos. Esta institución se dedica a promover un mayor conocimiento del mundo español a través de exposiciones de arte y otros programas culturales, educativos y políticos.

La gala del Spanish Institute está bajo el patrocinio honorario de los Reyes de España y del Presidente de los

(CONTINUA EN LA PAGINA 71)

(Izquierda a derecha) Fernando Aleu, Mariano Puig, Inmaculada de Habsburgo, Directora del Spanish Institute, la Embajadora Amalia Lacroze de Fortebat, Clark B. Winter, Jr., Presidente del Spanish Institute, y Javier Pérez de Cuellar, Secretario General de las Naciones Unidas.

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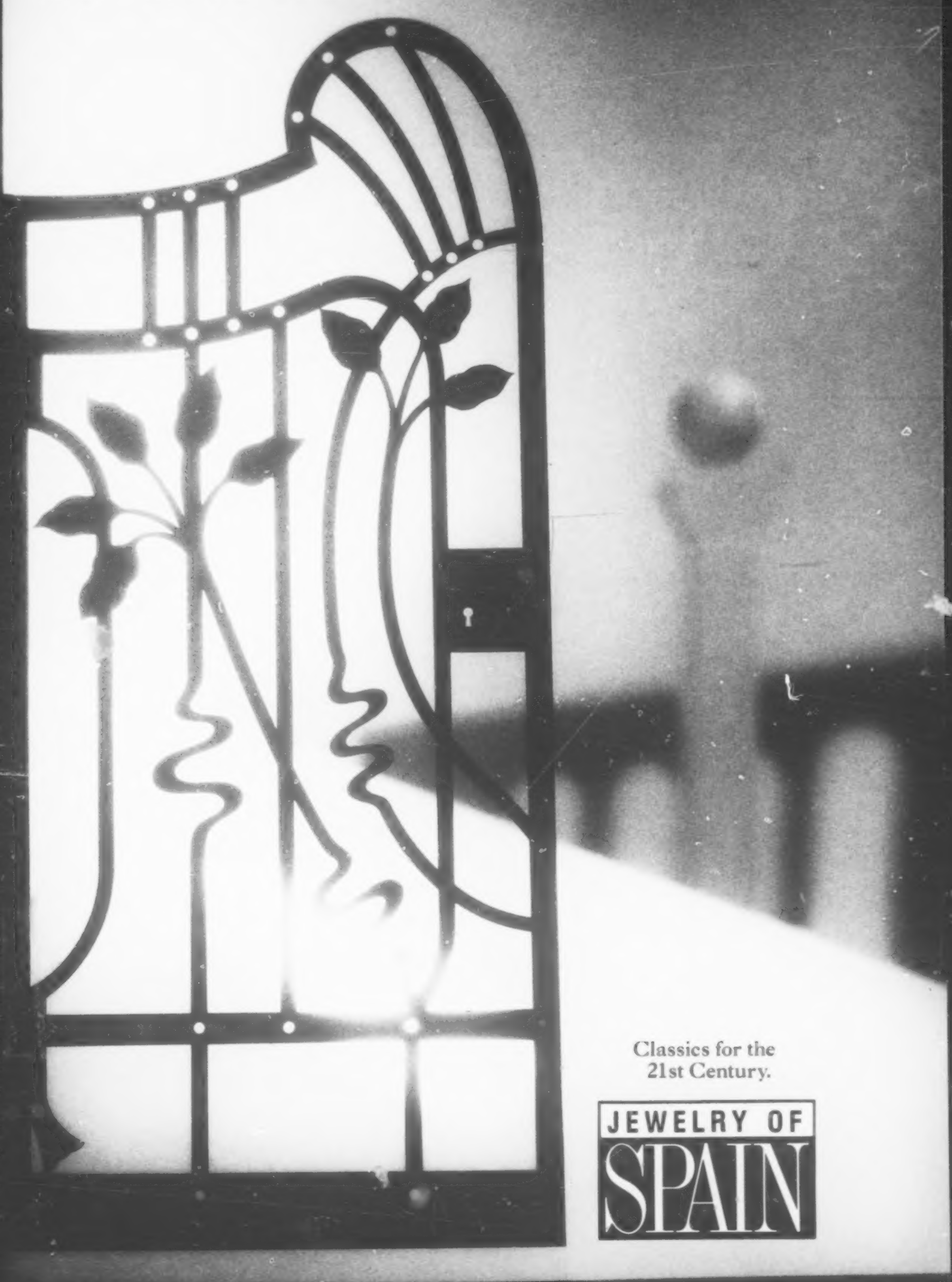

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SPANISH CULTURE

Spanish Novelist Camilo José Cela Wins Nobel Prize for Literature

At 12 o'clock G.M.T. on October 19th, one o'clock in Spain, the permanent secretary of the Swedish Academy, Sture Allen, officially announced the news: Camilo José Cela had been awarded the Nobel Prize for literature 1989. The author of "La familia de Pascual Duarte", "La Colmena" and other highly successful novels thus became the fifth Spaniard to receive world literature's highest award, after José Echegaray (1904), Jacinto Benavente (1922), Juan Ramón Jiménez (1956) and Vicente Aleixandre (1977).

The awarding of the prize to the Spanish writer came as no surprise. In fact, his name had been mentioned on previous occasions as a worthy candidate. Cela, however, appeared somewhat surprised, and rather ironically added: "I didn't expect this, although the fact that I hadn't been declared the favourite this year made me somewhat suspicious." In Cela's work, the members of the Swedish Academy had appreciated his "rich and intense prose, which with restrained compassion shapes a provocative view of the helplessness of the human being." In the opinion of the Swedish Academy, in choosing the writer from Iria Flavia, in the municipal district of Padrón, "recognition is given to the most outstanding figure in the literary renewal which has taken place in Spain since the post-War period.

There have been reactions of great satisfaction in Spain and the whole Spanish-speaking area, since the prize has been looked upon as an award to literature in the Spanish language. Cela himself said: "There are many other Spaniards and Latin Americans who deserved this distinction, and for this reason I believe that through me, a prize has been given to Spanish literature."

Cela has displayed his good humor in all his statements. "We can now say," he said, "that my literary career has reached its culminating point. I feel rather astonished, because I haven't had much practice receiving the Nobel Prize". He went on: "I have now achieved almost every thing in my life, at a time when it is still possible to be rejuvenated."

The new Nobel laureate has made it clear that he does not intend to retire or ever stop working. He is a writer by vocation, who would be "unable and unwilling to do anything else." As the author of 70 books and a large number of journalistic articles, with 50 years in the trade, he claims "to have gained in experience" what he has "lost in freshness."

In addition to the diploma and medal, Cela will receive three million Swedish crowns, equivalent to about 55 million pesetas. However, the prize-winner does not wish to talk about the money, which he considers to be "vulgar, something which should never be mentioned, like illnesses." Cela, rejuvenated and talkative, says that he intends to live for many years more and that he is not afraid of death, despite the fact that he has already prepared his epitaph: "Here lie the remains of a man who passed through his vale of tears, while trying to mess up his neighbor as little as possible." □

Camilo José Cela (left) and friends celebrate the Nobel Prize announcement.

Camilo José Cela: Biographical Details

The new winner of the Nobel Prize for Literature, Camilo José Cela, was born in Iria Flavia, in the municipal district of Padrón (La Coruña province) on May 11th, 1916. He was the son of a Spanish father and an English mother, and was given an excellent education. He studied arts at university, but did not take his degree. He is married, although at the present time, he is separated from his wife.

Camilo José Cela is a university lecturer in popular literature and geography in the arts faculty at the University of Palma de Mallorca. He was a senator by royal appointment in the Spanish Cortes in 1977.

In 1957 the writer was admitted to the Spanish Royal Academy. He also holds honorary doctorates from several international universities, such as Syracuse (New York), Palma de Mallorca, Santiago, Birmingham and Puerto Rico.

After the Civil War, he earned his living doing various kinds of jobs, ranging from journalism to bureaucratic posts.

His first novel was "La familia de Pascual Duarte", published in 1942, which was a great success.

With his book "Viaje a la Alcarria",

published in 1948, Cela revealed himself as an expert writer on local customs, presenting in expert prose a tableau of popular Spanish characters.

Three years later, his novel "La colmena" came out. It gives a vivid picture of city life in Madrid in 1945.

Cela went to South America, where he toured several countries and published "La Cátira", in 1955, which has the theme of the Venezuelan countryside as its background. On his return he established his customary residence in Mallorca, where in 1956 he founded the literary periodical "Papeles de Son Armadans".

In the course of his long career as a writer he has tackled with equal success the various literary genres of poetry, novels, travel books, short stories, memoirs, etc.

He won the National Literature Prize in 1984 for his novel "Mazurca para dos muertos", and in 1986 he received the Critics' Prize.

In the last few years he has written "Cristo versus Arizona" and made his second trip to La Alcarria, which had brought him such great fame. His present home is in Guadalajara, where he lives with a woman by the name of Marina, who is 40 years younger than he is.

He takes part regularly in the discussion on current affairs in the television program directed by Jesús Hermida, entitled "A mi manera" ("In My Style"). ☐

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CENA DE GALA DEL SPANISH INSTITUTE

(SIGUE DE LA PAGINA 68)

Estados Unidos. Este año la gala ha estado patrocinada por la Oficina Española de Turismo en Nueva York y por las firmas de perfumería y cosmética Antonio Puig, S.A., y Compar, Inc.

Entre las personalidades asistentes estaban el Embajador de España en los Estados Unidos Don Julián Santamaría y Sra., el Cónsul General de España en Nueva York Embajador Don Miguel de Aldasoro y Sra., el Embajador de Estados Unidos en España H. E. Joseph Zappala, el Secretario General de las Naciones Unidas Excmo. Sr. Javier Pérez de Cuellar y Sra. Asistieron también, los Presidentes de la Gala de este año, Reinaldo y Carolina Herrera; los patrocinadores Don Aurelio Torrente, Director de la Oficina Española de Turismo en Nueva York, y los señores Fernando Aleu, Presidente de Compar Inc. y ex Presidente de la Cámara de Comercio España-EE.UU., Don Mariano Puig, Presidente de la firma Antonio Puig, S.A.; y el Presidente del Consejo del Spanish Institute Mr. Clark B. Winter, Jr. y Sra.

El mundo de las artes y las letras estaba representado, entre otras personalidades, por el Presidente de New York University Dr. John Brademas y Sra.; el Presidente del Metropolitan Museum of Art, Embajador William Luers y Sra.; Mrs. Kitty Carlisle Hart del N.Y. State Council on the Arts; el arquitecto Richard Meier y el escultor Xavier Corberó. ☐

FACING THE CHALLENGE OF THE EARLY '90s

(CONTINUED FROM PAGE 64)

has at the same time clearly demonstrated the increasing economic interdependence between member states. The need to ensure the continuation of growth and progress towards Economic and Monetary Union requires a determined action from individual member states and a more effective coordination between them. This reality has been demonstrated through the recent, almost simultaneous increases in interest rates in many Community countries. It is a clear example of the level of economic and monetary interdependence, not only between European Monetary System narrow band member states, but throughout the Community." ☐

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The Importance of Office Design

"Clients will always be impressed by a well designed and organized office."

By Claudia Sherwood

In a business office, well-planned interior design can be a very important asset. Budgets for decoration may vary, but putting thought in the location and overall ambiance of an office is essential for many reasons.

Choosing the location and particular building for the office would be the first consideration. The area should be easily accessible to the client; real estate agencies would be the most knowledgeable in this respect. The building itself is also of interest as it will make the first statement for the business. In New York, a charming and historic landmark building can be an ideal premise in which to situate an office. Many of these older buildings in New York have historical stories to tell and could leave a positive image in the mind of the clients who visit. Also the design and craftsmanship in some of the older buildings are arts that are rarely duplicated today. For example the Empire State Building, with all of its grandeur, houses many business offices in its fascinating structure. Also ultra-modern buildings with another type of charm, such as the Trump Tower or AT&T Building, with their spectacular lobbies, can be prestigious locations for an office. Many of the offices in these skyscraper buildings can provide beautiful views of a large part of Manhattan including Central Park, which is an extremely tranquil view for both those in the business and visitors.

As for the office itself, clients will always be impressed by a well designed and organized office. Also employees will be motivated by pride in their surroundings.

The first impression is always important; therefore a reception area that projects warmth and welcome should be a major consideration. Plants should be used wherever possible, and there should be a comfortable sitting area, proper lighting, and an attractive view, whether it be from a window or art on the walls.

The reception desk is also very important and should be clean and organized in a way that is suited to that particular business. Some reception desks should be in the form of counters, such as when there is distribution of tickets, reservations, or information. The counter should always be at an average elbow height to be comfortable for the person obtaining tickets etc. Since the employee might be standing for many hours, a stool should be planned in the design. Also the area behind this counter should have a proper knee space and shelving or drawers. In other reception areas where a regular desk is planned, it may still be desirable to distribute information on the company. This information could be placed in a tiered, organized shelf for easy access by the client or receptionist.

Employee office space is also important and should be separated according to department and, whenever appropriate, space should be allowed for privacy. This could be achieved by dividing office areas with partitions. Separated cubicles will give employees a sense of having their own offices.

Another consideration should be the hallways leading to the meeting rooms. An effective way to provide minimal decor could be to have nicely framed prints that follow a theme.

The president's office should be carefully thought out. The direction of the desk and seating for the client is important to allow comfort for all and to put the client at ease. For example, there are presidents who prefer to have casual seating/conference areas apart from their desks, seeking to relax their clients. Again plants and art provide interest and warmth. Lighting must be adequate for work, but never harsh.

A clever idea in office design for a Spanish firm could be to use a Spanish influence in the overall look. As many New York offices tend to look alike in the Anglo-Saxon style, this might well tend to impress a client. Choosing the key elements of design to reflect Spanish origin will give warmth and personality. Some examples of this could be Spanish furniture, pottery, or mosaics. Spanish art in the form of paintings or prints, even a properly framed Spanish poster could give a wonderful feeling of culture to an office.

All of these ideas, from choosing the right location and using the basic concepts of office decor to breaking away from uniformity by using Spanish design, will contribute to making a successful Spanish business office in New York. □

CLAUDIA SHERWOOD is an interior designer residing in New York doing both commercial and residential design. In her spare time she is also an avid Flamenco dancer.

ART MARKET

Picasso Pastel Sells for $4.84 Million in November Auction

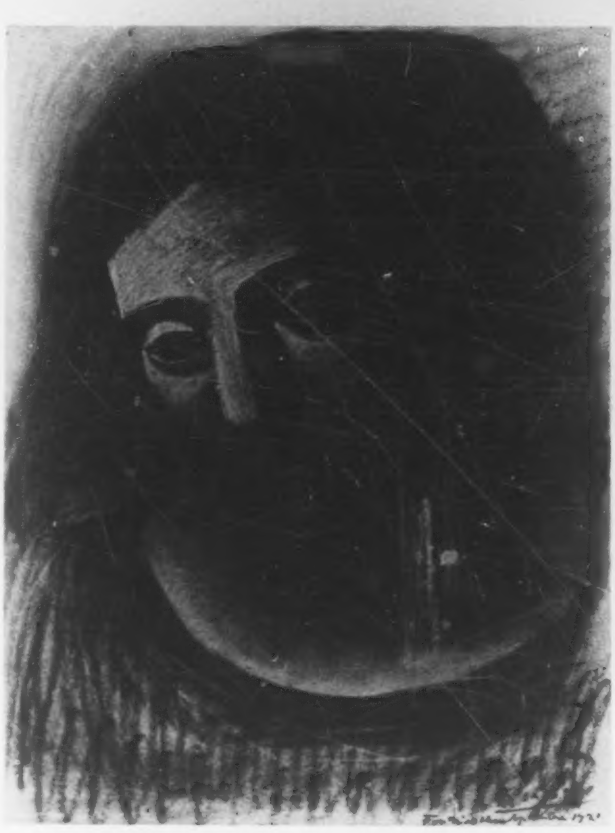
Work is top lot in Christie's auction of Billy Wilder collection

In a year in which a Picasso painting sold for a record price, another Picasso work, his 1921 *Tête de Femme* was the top lot, at $4,840,000 in a November auction of 85 works from the collection of Billy Wilder, the renowned Hollywood filmmaker, held at Christie's in New York.

The *Tête de Femme* (Classic Head of a Woman) is signed and dated Fontainebleau September 1921 and is in pastel on paper, 25 x 19 inches. Picasso's first wife Olga Koklova, pregnant with the artist's eldest son, served as the model. Representing Picasso's return after his Cubist period to classically structured portraits, the highly stylized, rotund image of motherhood is one of a series of similar heads by the artist.

A work by Joan Miró, *The Farmer and His Wife*, a 1936 gouache on board, sold for $2,695,000.

Among the foremost art collectors in the movie world, Mr. Wilder has been collecting passionately for more than 50 years. He has incorporated his paintings in several of his films, including *The Apartment* (1960), for which he won three Academy awards. He also won Oscars as both director and writer for *The Lost Weekend* (1945) and *Sunset Boulevard* (1950). His other notable films include such classics as *Double Indemnity* (1944), *Some Like It Hot* (1959) and *Stalag 17* (1953). □



Picasso: Tête de Femme.

PHOTO: CHRISTIE'S NEW YORK

BANCO BILBAO-VIZCAYA

(CONTINUED FROM PAGE 20)

each holder of 12 Shares to subscribe for free for one new additional Share and one Warrant. Each Warrant entitled the holder to purchase outstanding Shares at the rate of one Share for every four Warrants held at a discount from the price of the Shares on the Bilbao Stock Exchange.

The Bank increased the nominal value of the Shares from Ptas. 700 to Ptas. 750 each on April 23, 1989 and to Ptas. 1,000 each on Aug. 1, 1989.

Three aspects are worthy of particular mention.

- The process of integration is running well ahead of schedule, with 75% of the tasks already completed.
- Pre-tax profits of BBV for the first nine months to September 30, 1989 have risen to Ptas. 66,611 million, an increase of 20.2% over the same period last year. Pre-tax profits of the BBV Consolidated Financial Group were Ptas. 94,739 million. These profits have come from a satisfactory growth in both customer deposits and advances, which show increases of 10.1% and 14.4% respectively.
- The market capitalization of BBV now stands at approximately Ptas. 1,000 billion, giving the shares a P/E ratio of 10 which we believe has potential for further upward movement.

As a result of these factors and the excellent progress of integration, Standard and Poor's has accorded BBV a rating of A-1 plus, their highest rating in the international market.

BBV shares have maintained a firmly upward trend during this first year and have also demonstrated a resilience during periods of general market weakness, two characteristics which imply inherent strength and secure value. The overall return for shareholders over the past 12 months has been in excess of 25%, outperforming the Spanish stock market over the period. This is due to BBV's dynamic distribution policy which has included three bonus issues during 1989 in addition to quarterly dividend payments.

The number of BBV shares held in the bank's own portfolio, having been at a monthly average of 2% during the year, currently stands at 2.6% of the capital. This is judged sufficient for future requirements which include the reinvestment of quarterly dividends and the December 1, 1989 conversion of Subordinated Bonds, issued last July.

Computable shareholders' funds at September 30, 1989 stood at Ptas. 539 billion, an excess of Ptas. 70.3 billion above the maximum risk asset cover required under current regulations. □

The Spain-U.S. Chamber of Commerce, Inc.

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COMMENTARY

Business Etiquette: Manners That Matter

"One of the nicest compliments Americans who travel abroad can pay to their business hosts is to be conversant in the language."

By Barbara Bonetti

Many years ago, I took a cruise to the Bahamas with my friend Carolyn. At dinner we asked the Maitre d' to seat us with a mixed group. Instead, Dino, always the romantic Italian, showed us to a table with two single men.

Tony and Chic turned out to be friendly and pleasant. Each owned his own company on Long Island. But there is something else about these two that I'll never forget: their deplorable table manners. I remember several occasions when Carolyn and I were propelled into uncontrollable fits of laughter. We did our best to hide our reaction by pretending to cough or to be amused at something they said. Tony and Chic were not aware of the bad impression they were making when they reached across the table to eat our dinner rolls or when they filled their pockets with pastry from the dessert cart. I couldn't help wondering: what if I were a prospective client? Would I be amused if these two ate from each other's plate, or took food from mine? If they were sloppy and inept at the dinner table, would they handle their business in the same way?

Today, more and more business is being conducted in non-office settings, such as restaurants, clubs and even on cruise ships. In cities and countries all over the world, men and women of all nationalities and races are coming together for commerce and industry. Encounters are often brief, so the first impression we make is often the only one that endures. It's been 17 years since my memorable dinners with Tony and Chic, yet the image of chocolate stains on their tuxedos still remains!

Most of us learned good manners as children. We need only to add the nuances of appropriate business conduct to increase our chances for success. Business people who travel internationally need a knowledge of the traditions and customs of other countries as well. If you want to create positive first impressions, increase profits for yourself or your company, and promote feelings of good will, you can—by acquiring the art of business etiquette.

Knowing when to sit, stand or shake hands is probably the best way to begin increasing your awareness of business etiquette. In the U.S., a firm handshake is the *only* acceptable professional greeting. Hugging, even between close associates, is inappropriate. A businessman coming to America for the first time would do well to realize that American businesswomen expect to have their hands shaken, not kissed. Warmer greetings may be exhibited in other nations, but in America, you'll always be correct, if you remember to shake hands.

Eye contact always accompanies the handshake. As dialogue begins and continues, eye contact is maintained. In the U.S. a person who does not make eye contact is considered insecure, evasive, or dishonest—or worse, all of these.

Eye contact is one of the most difficult non-verbal communication skills for many people, especially non-Americans, to acquire. If you have trouble establishing and maintaining eye contact, try this exercise: sit across from another person, establish eye contact, then have a third person count to 7, *very slowly*. If you look away, try it again, and again, until you maintain eye contact for the requisite count. Repeat the exercise often and soon you will be able to use eye contact effectively.

You needn't stare at someone intensely. Just be aware that not looking someone straight in the eye can undermine your credibility and destroy your chances for success.

One of the nicest compliments Americans who travel abroad can pay to their business hosts is to be conversant in the language. Your host will be impressed by your thoughtfulness and you'll feel more comfortable in your surroundings. Barring your ability to learn the language, become familiar with a few well-chosen phrases. The effort will be appreciated in most countries, no matter how poor your pronunciation.

Another point Americans must understand and appreciate is the tempo by which other people live. The most well-intentioned New York City business person, who demands speedy Manhattan-style service wherever he goes, is insulting his business host, the establishment, and the country. This type of behavior is obnoxious, but beyond the rudeness lies the risk of losing the deal . . . and the financial rewards that go with it.

The shrewd business person learns the art of business etiquette, the courteous business person uses it, and the smart business person depends on it. The successful business person is the one who combines all three to make a lasting impression, increase company profits, and promote international good will. ☐

BARBARA BONETTI is an image consultant and founder of Professional Image Resources. Ms. Bonetti conducts seminars on business etiquette, body language and professional wardrobe.

Professional Image Resources is located at 301 East 79th Street, Suite 24M, New York, NY 10021. To obtain a free brochure, send a self-addressed stamped envelope or call (212) 249-6812 for more information.

BUSINESS OPPORTUNITIES

(CONTINUED FROM PAGE 79)

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Hiring of Senior Executives Reaches Record Levels in the U.S.A.

The recent growth in U.S. exports due to the affordable dollar has caught many basic manufacturing industries short-handed.

Record volume but spotty industry, functional and regional hiring patterns characterized the demand for senior executives in the United States in the second quarter of 1989, according to the 70th National Index of Executive Vacancies. The Index, a quarterly survey released by Korn/Ferry International, reports that senior hiring rose five percent above last year's second quarter levels. Korn/Ferry, with headquarters in New York and Los Angeles and 43 offices worldwide, specializes in management searches at the senior level.

"Despite recent reports pointing to a few soft spots in the economy, second quarter demand for senior executives was vigorous," says Richard M. Ferry, President of Korn/Ferry. In particular, he points to the manufacturing industries, which have been enjoying an export windfall for several quarters due in large part to an affordable dollar.

Senior executive hiring in machinery and manufactured products jumped from 8% to 14% of total national executive demand in the second quarter. Also, there was an increase in hiring in the number of production, engineering and research executives (9% to 12%).

In addition to the recent growth in U.S. exports, another longer-term factor enters into the picture. Many of our basic industries now enjoying something of a renaissance have been caught short-handed. After years of retrenchment and employment cutbacks, the ranks of their manufacturing executives are so thin that there's nobody in the pipeline. As management vacancies open up through aging and retirement, these companies are being forced to go out and recruit, to bring people in from outside in order to fill key positions, not only in manufacturing but in engineering and R&D.

Human Resources and Administrative Staff in Demand

Upsetting recent trends, there was a considerably stepped-up demand for human resources executives and administrative staff. Hiring in this category rose from 6% to 10% of total hiring. "Last quarter we saw an incredible jump in the demand for CEO's," says Ferry; "This quarter, things are quieter at the top, but there is a lot more activity at the staff level."

Demand for CEO's, which last quarter reached a record 16%, settled at a more normal 13% this quarter. Demand for general managers was off—from 41% last year in the second quarter to only 34% this quarter.

For several consecutive quarters hiring has been highly concentrated at the top, according to Ferry. Changes in high places have been necessary to save or turn around lackluster enterprises and position them to be more competitive. Right now, though, balance sheets seem to be in order, and corporations are taking advantage of this respite to shore up and strengthen management in staff positions.

Industry Hiring Scenario—Modest Advances and Declines

Only in the manufacturing sector was there a significant jump in senior hiring. Modest hiring gains were registered in a number of other industries, including energy and natural resources, consumer products, transportation, utilities and telecommunications, and real estate. By the same token, industry hiring declines were also moderate in financial services, chemicals, retail and hospitality/leisure.

High technology, with 10% of national executive demand, kept to an even keel. The health care industry saw its share of executive hiring drop from 12% to 7%, but Ferry attributes this to a "normalization" after an extended period of hyperactivity brought on by the thoroughgoing restructuring of the industry.

Geographically, A More Balanced Picture

The East Coast and the West, which have batted the regional hiring lead back and forth almost on a quarter-by-quarter basis, both finished the second quarter with a 30% share of national hiring. Modest gains were posted by the Midwest (from 18% to 20%), balanced by modest losses in the Southeast (11% to 8%).

Only the Southwest showed impressive growth in hiring, boosting its share of national demand from 6% to 12%. "Diversification is the key here," says Ferry. "Where there used to be oil, banking and real estate, we now see technology and telecommunications, hospitality and entertainment, retail activity, transportation, manufacturing, not-for-profit and education."

750 Companies Surveyed

The National Index of Executive Vacancies is based on a quarterly survey of 750 Korn/Ferry International clients who are among the nation's largest corporations and non-profit organizations, including government agencies, universities and cultural institutions. The Index records the hiring of senior executives earning $100,000 or more annually. ☐

BUSINESS OPPORTUNITIES OPORTUNIDADES COMERCIALES

OPORTUNIDADES COMERCIALES AMERICANAS

Productos en acero inoxidable. Empresa Americana desea contactar con fabricantes Españoles de productos en acero inoxidable. WINCOT PRODUCTS, INC., P.O. Box 2905, Whitehouse, OH 43571, USA; Contacto: Doug Shanks.

Regalos y artículos de artesania. Empresa Americana desea contactar con fabricantes Españoles de los anterires artículos, principalmente en cristal, vidrio, porcelana, oro, plata, alpaca, bronce, jade, marfil, cuero y madera. CRAIG COMERFORD ENTERPRISES, 520B Country Club Parkway, Mt. Laurel, NJ 08054, USA; Contacto: Craig Comerford, President.

Suministros electricos. Empresa Americana desea contactar con fabricantes en España de suministros eléctricos. R.L. WILLIAMS COMPANY, 202 Hunters Lane, Hendersonville, TN 37075, USA; Tlf: (615) 822-0353; Contacto: Robert L. Williams, President.

Cartón y papel para cartones y cajetillas blandas de tabaco. Empresa Americana desea contactar con fabricantes de los mencionados artículos en España. MARLOWE INTERNATIONAL CORPORATION, 350 Fifth Avenue, Suite 4007, New York, NY 10118, USA; Tlf: (212) 629-4700; Fax: (212) 629-4705; Contacto: A. Prawer.

Cristal. Escultor, posible becario Fullbright, interesado en contactar con fabricantes Españoles de cristal para posible proyecto conjunto en el periodo 1990-91. SCOTT WHITE, 250 James Street, New Haven, CT 06513, USA.

Publicidad. Particular Americano (habla Español) desea contactar con revistas que acepten publicidad en España para representarlas en Estados Unidos y buscar anunciantes Americanos. TED TAYLOR, 4 Amy Place, White Plains, NY 10605, USA.

Cereales. Representante de fabricantes y compradores Americanos desea contactar con importadores Españoles de cereales para niños. También están interesados en representar en Estados Unidos a cualquier empresa Española interesada. OTHA JOHNSON IMPORT EXPORT, 2010 W. 82nd Street, CA 90047, USA; Tlf: (213) 750-5775; Contacto: Otha Johnson.

Computadoras y componentes electrónicos. Empresa Americana desea contactar con fabricantes Españoles de ordenadores y con distribuidores de componentes electrónicos. NOVA INTERNATIONAL COMPONENTS, 100-G Knickerbocker Avenue, Bohemia, NY 11716, USA; Tlf: (516) 563-3838; Faz: (516) 563-3004; Contacto: Bill Doble.

Artículos en cuero. Empresa de importación y distribución Americana desea contactar con fabricantes Españoles que deseen exportar a Estados Unidos los siguientes artículos en cuero: guantes, bolsos, zapatos de niños, calzado de hombre y mujer, cinturones y patucos para bebés. ANDAR CORPORATION, 2037 Finch Drive, Bensalem, PA 19020, USA; Tlf: (215) 244-0345; Contacto: Andrew J. Reilly, President.

Muñecas para niños. Empresa de importación desea contactar con fabricantes Españoles de muñecos para niños. HERMAN DE VRIES AND CO., 50 Chatham West Drive, Brockton, MA 02401, USA; Tlf: (508) 559-1306; Contacto: Herman J. de Vries, President.

Joint-ventures. Empresa Americana interesada en realizar algún tipo de acuerdo joint-venture con empresas Españolas interesadas. M.A. HANNA COMPANY, 1301 East 9th Street, Suite 3600, Cleveland, OH 44114-1824, USA; Tlf: (216) 589-4000; Fax: (216) 589-4109/4237; Contacto: James E. Day, Director of Corporate Development.

Mercancía general. Empresa Americana interesada en contactar con fabricantes Españoles interesados en exportar sus productos a Estados Unidos. IMPORT SALES, 410 Homestead Way, Box 417, Greenport, NY 11944, USA; Tlf: (516) 477-2901; Contacto: Ralph Wengler.

Mercancia general. Empresa Americana interesada en importar de España productos variados que sean originales. L.K. FINNEGAN AND CO., 4754 East Flamingo, Las Vegas, NV 89121, USA; Contacto: L.K. Finnegan.

Armarios de cocina. Empresa Americana desea contactar con fabricantes Españoles de armarios de cocina. EASTERN KITCHEN MARKETING, INC., 237 West Lincoln Avenue, Mt. Vernon, NY 10550, USA; Contacto: Louis F. Pellon, Executive Vice President.

Discos musicales. Empresa Americana desea contactar con importadores Españoles de discos de música. NEW PROJECTS INTERNATIONAL INC., P.O. Box 296, Bowling Green Station, New York, NY 10274, USA; Tlf: (212) 269-6765; Fax: (212) 422-0306; Contacto: Pierre Hacopian, Sales Manager.

Acero inoxidable. Empresa Americana desea contactar con fabricantes Españoles de acero inoxidable, de clase segunda o tercera, en concreto desde las series AISI 300 hasta las series 400. MARLOWE INTERNATIONAL CORPORATION, 350 Fifth Avenue, Suite 40007, New York, NY 10118, USA; Tlf: (212) 629-4700; Fax: (212) 629-4705; Contacto: A. Prawer.

Manómetros. Empresa Americana desea contactar con fabricantes Españoles de medidores de presión. OMEGA ENGINEERING, INC., One Omega Drive, Box 4047, Stamford, CT 06097-0047, USA; Tlf: (203) 359-7853; Fax: (203) 359-7770; Contacto: Alfred Green, Senior Buyer.

Muñecas y platos. Empresa Americana desea contactar con fabricantes Españoles de muñecas y platos de porcelana, madera y cristal. R.L. McKINNEY AND ASSOCIATES, 6610 Devonshire 2W, Saint Louis, MO 63109, USA; Tlf: (314) 351-0345; Contacto: Rick McKinney.

Manteles Españoles. Empresa Americana desea contactar con fabricantes Españoles de manteles de mesa que deseen exportar a Estados Unidos. BARDWILL INDUSTRIES INC., 1071 Avenue of the Americas, New York, NY 10018; Tlf: (212) 944-1870; Contacto: Dereck B. Pierre, Vice President.

Reproducciones de armas antiguas. Empresa Americana desea contactar con fabricantes Españoles de reproducciones de armas antiguas. GRONOW GALLERIES, 1117 48 Morton Road, Roseville, MI 48066, USA; Contacto: A.F. Gronow, President.

Pescado. Empresa de importación Americana que actualmente importa pescado de Sudamérica desea contactar con fabricantes Españoles de gambas, langostas, y de pescado congelado o enlatado. ABI CORPORATION, 1123 Broadway, Suite 520, New York, NY 10010, USA; Tlf: (914) 266-4550; Fax: (212) 586-5697; Contacto: Wayne E. Finger.

Mercancía variada. Empresa Americana desea contactar con importadores Españoles interesados en los siguientes productos: Autobuses y minibuses; Sistemas centrales de aire acondicionado asi como unidades de aire acondicionado para uso comercial; refrigeradores y congeladores prefabricados para almacenamiento; y maquinaria para embalaje de alimentos. JOVA IMPORT-EXPORT, P.O. Box 1920, Richmond, IN 47374, USA; Tlf: (317) 966-4165; Fax: (317) 962-3178; Contacto: John A. Stormes, President.

"Lejano oeste Ameriano". Empresa Americana desea contactar con fabricantes Españoles de los siguientes artículos: armas de fuego en miniatura de metal y madera para coleccionistas; artículos en plata típicos del oeste Americano como hebillas de cinturones, o reproducciones en miniatura de rifles, pistolas y revólveres; llaveros con pistolas en miniatura u otro tipo de artículos de regalo para niños o adultos que tengan como motivo principal "el lejano oeste Americano". RONALD F. HARTMANN IMPORT EXPORT, 1057 Wernimont Circle, Colorado Springs, CO 80916, USA; Contacto: Ronald F. Hartmann.

Sistemas y tecnologías para agua. Empresa Americana de tecnología y sistemas de agua desea instalar una planta en España y contactar con distribuidores locales de productos de instrumentación e instrumental de asamblaje. IONICS, INSTRUMENT DIVISION, 65 Grove Street, Watertown, MA 02172, USA; Tlf: (617) 926-2500; Fax: (617) 926-8254; Contacto: Xavier Barrera, International Operations.

Servicios a empresas extranjeras. Empresa Americana ofrece sus servicios comerciales (contactos comerciales, entrevistas con empresas, reserva de billetes de avión y de transporte terrestre, traductores y otro personal temporal, etcétera) a compañías extranjeras que viajen por negocios a Estados Unidos. INTERNATIONAL ENTERPRISES, INC., Hangar 621, A Street, Smyrna Airport, P.O. Box 766, Smyrna, TN 37167, USA; Tlf: (615) 459-7535; Fax: (615) 459-4759; Contacto: Ronald Derksen, President.

Inversión inmobiliaria. Empresa Americana de inversión inmobiliaria busca inversores extranjeros interesados en invertir en el Sudeste de Estados Unidos en su proyecto "Eastpark". TRADEX INTERNATIONAL INCORPORATED, P.O. Box 5031, Jacksonville, FL 32247, USA; Tlf: (904) 737-0662; Contacto: Arnold T. Frankel, President.

BUSINESS OPPORTUNITIES OPORTUNIDADES COMERCIALES

OPORTUNIDADES COMERCIALES AMERICANAS (CONTINUA)

Representantes. Empresa de importación y exportación Americana busca empresa representante similar en España con el fin de establecer relaciones reciprocas. NOBLE INVESTMENTS, 16021 Olympiad Lane, Van Nuys, CA 91406, USA; Tlf: (818) 901-0943; Contacto: Gretel K. Noble.

Escalpelos quirúrgicos. Empresa Americana desea contactar con fabricantes Españoles de escalpelos quirúrgicos. MARLOWE INTERNATIONAL CORPORATION, 350 Fifth Avenue, Suite 4007, New York, NY 10118, USA; Tlf: (212) 629-4700; Fax: (212) 829-4705; Contacto: A. Prawer, Manager.

Mangueras de jardín, mangueras para radiadores y mangueras reforzadas de plástico o goma, distribuidores de salsas picantes y otras especias. Empresa Americana desea contactar con empresas Españolas suministradoras de los anteriores productos. VANDERBURGH & CO., INC., Empire State Building, 350 Fifth Avenue, Room 6212, New York, NY 10118, USA; Tlf: (212) 947-5270; Fax: (212) 564-7264; Contacto: Robert J. Fischetti.

Vitaminas y suplementos alimenticios. Empresa Americana interesada en contactar con importadores Españoles interesados en representarles en España. KAYMONT INTERNATIONAL, 711 Amsterdam Avenue, Suite 5G, New York, NY 10025, USA; Tlf: (212) 663-3232; Contacto: Mercado Mont.

Calzado infantil. Particular interesado en contactar con fabricantes Españoles de zapatos para niños. MRS. A. DARE, 15644 Ferncreek Drive, Chesterfield, MO 63017, USA.

Productos típicos Españoles. Particular interesado en contactar con exportadores Españoles de productos tipicos de España. TAMMY WUNSCH, 454 North Windham Road, North Windham, CT 06256, USA.

Calzado infantil. Particular interesado en importar zapatos para niños. MRS. SHOSHANA SIFF, 212 East Broadway, Apt. G407, New York, NY 10002, USA; Tlf: (212) 475-2650.

Electrónica. Empresa interesada en contactar con minoristas y mayoristas de electrónica en España. O'SHEA LIMITED, 9229 Parkway, Suite 370, Kansas City, MI 64114, USA; Tlf: (816) 363-7011; Fax: (816) 523-1684; Contacto: Jim Raynor.

Cristal. Empresa Americana interesada en contactar copn fabricantes Españoles de todo tipo de cristal (opalescente, coloreado, biselado, etc.). THE RUDY ART GLASS STUDIO, 1900 West Orange Street, York, PA 17404, USA; Tlf: (717) 843-4239; Contacto: Kimberly S. Nagle.

Guantes de goma para uso doméstico. Empresa Americana desea contactar con exportadores Españoles de guantes de plástico, en concreto de neopreno, nitrilo y de composición mezclada, para uso doméstico. IMPACT PRODUCTS, INC., 2840 Centennial Road, Toledo, OH 43617, USA; Tlf: (419) 841-2891; Fax: (419) 841-7861; Contacto: John Irwin, Product Manager.

Artículos textiles. Empresa Americana desea contactar con fabricantes Españoles de camisetas, sudaderas y jerseys tipo polo. Preferirían empresas que pudieran realizar bordados en los tejidos según sus especificaciones. THE ORIENT CONNECTION, 10921 Reed Hartman Highway, Suite 317, Cincinnati, OH 45242, USA; Tlf: (513) 891-3968; Fax: (513) 891-3973; Contacto: Alvin W. Stein, President.

Armarios. Empresa Americana desea contactar con fabricantes o distribuidores de armarios Españoles. LA BONNE VIE II, 9 The F[illegible]a, Locust Valley, NY 11560, USA; Fax: (5[illegible]) 676-4872; Contacto: Gerry Bethune.

Piel de serpiente karung. Empresa Americana desea contactar con fabricante o distribuidor Español de piel de serpiente Karung de más de 25 centímetros de largo. S. KOPEL INC., 2145 Pitikin Avenue, Brooklyn, NY 11207, USA; Tlf: (212) 346-7769; Contacto: Carl Gross.

Cerámica y muebles. Empresa interesada en contactar con exportadores Españoles de cerámicas y muebles. IBERIA AIRLINES, 1149 North Sicily Drive, Chandler, AZ 85226, USA; Contacto: Ms. Fortun.

Cebada de malta. Empresa Americana interesada en importar de España cebada de malta para la fabricación de cerveza. COLUMBIA EXPORT CO., P.O. Box 2526, Cherry Hill, NJ 08034, USA; Tlf: (609) 482-5500; Fax: (606) 482-9065; Contacto: Sasm Eid, Marketing Department.

Juguetes. Empresa Americana desea contactar con fabricantes Españoles de los siguientes productos del sector de juguetes: cinturones de plástico, pinturas para disfrazarse, caretas, bandas para la cabeza, muñecos, coches accionados por control remoto y artículos de promoción. También desean contactar con fabricantes de juguetes interesados en tener representante en Estados Unidos, Canadá, Bermudas, Puerto Rico y México. BACZYNSKI & DAUGHTERS, INC., 131 Jacqueline Avenue, Delran, NJ 08075, USA; Tlf: (609) 461-6885; Fax: (609) 764-7334; Contacto: Zygmunt J. Baczynski, President.

Textiles. Empresa Americana desea contactar con fabricantes de textiles Españoles que exporten a Estados Unidos. DASH INTERNATIONAL, INC., 11 West 40th Street, Suite 407, New York, NY 10018, USA; Tlf: (212) 719-5002; Contacto: John Dalad.

Regalos y accesorios para el hogar y bisutería. Empresa Americana busca fabricantes Españoles interesados en exportar a Estados Unidos los anteriores artículos. A & D IMPORT/EXPORT, 1805 High Vista Court, Fort Worth, TX 76112, USA; Tlf: (817) 429-1793; Contacto: Dixie Anderson and Ronald Drake.

Artículos de medición tradicionales y electrónicos. Empresa fabricante y distribuidora Americana desea contactar con fabricantes Españoles y distribuidores. SONIN INC., 672 White Plains Road, Scarsdale, NY 10583, USA; Tlf: (914) 725-0202; Fax: (914) 725-1158; Contacto: Annette Parente.

Artículos de cuchillería. Empresa Americana desea contactar con exportadores Españoles de cuchillería. TANEL IMPORTS, 67-33 170th Street, Flushing, NY 11365, USA; Contacto: Ted Ratner.

Baldosas. Empresa Americana desea contactar con fabricantes Españoles de baldosas, principalmente para uso exterior. PEI COBB FREED & PARTNERS, ARCHITECTS, 600 Madison Avenue, New York, NY 10022, USA; Tlf: (212) 751-3122; Fax: (212) 872-5443; Contacto: Leslie Burns, Interior Resource Specialist.

Reproducciones de espadas, medallas y medallones. Empresa Americana de distribución de detectores de metal desea contactar con fabricantes en España. KELLYCO, 1085 Belle Avenue, Winter Springs, FL 32708-2997, USA; Tlf: (407) 699-8700; Fax: (407) 695-6671; Contacto: Christine Burton, Administrative Assistant to Stuart Auerbach.

Representante de productos de consumo. Empresa Americana desea contactar y recibir catálogos de empresas Españolas fabricantes de productos de consumo poco conocidos en Estados Unidos e interesadas en tener un representante en dicho país. EBCON, 1023 Ferngate, Saint Louis, MI 63141, USA; Contacto: Eric Eberhard.

Maquinaria para plásticos. Compañía Norteamericana lider en la fabricación de maquinaria para plásticos busca agente que puedan ayudar a Farrell Corporation en estimaciones de precios, al mismo tiempo que colabore en los pedidos y envios de piezas para maquinaria.

Se requiere que los agentes y/o vendedores tengan conocimientos y que su experiencia abarque a piezas que pesan hasta 7,000 kig's. Por favor llamar a: KARL N. SVENSSON, Senior Vice President, Farrell Corp., 24 Main Street, Ansonia, CT 06401, USA; Tlf: (203) 734-3331; Fax: (203) 734-2572.

Campañas de promoción. ESPA CAMPAIGNS, INC. ayudará a su compañía a preparar su campaña promocional para la venta de sus productos en el mercado Estadounidense. ESPA CAMPAIGNS, INC. se especializa en este tipo de campañas produciendo videos, folletos, artículos de relaciones públicas y demás alternativas necesarias para hacer contacto con la audiencia requerida. Nuestra dirección es Hemisphere Center, Route 1, Newark, N.J. 07114; Tlf: (201) 242-7542; Fax: (201) 242-2668.

FIRMS IN SPAIN OFFERING PRODUCTS OR SEEKING REPRESENTATION

Jeans. Spanish firm seeks to contact American importers. ZOLDER S.A., Attn: José Luis García, Avda. de Bruselas, 53, 28028 Madrid.

Video Games for Computer. Spanish firm seeks American imports. ZIGURAT SOFTWARE, S.A., Avda. Betanzos, 85, Estudio 2, 28034 Madrid; Tel: (91) 739-3023. Contact through Maria A. Hebditch, Dept. of Marketing, Banco Hispano Americano, Olympic Tower, 645 Fifth Avenue, New York, NY 10022.

(CONTINUED ON PAGE 76)

ULTIMA PAGINA

España en los 90: Una década para cambiar un siglo

Por Francisco Muro de Iscar

Los noventa ya están aquí y todos estamos dispuestos a derramar ríos de palabras sobre una década decisiva para la humanidad. Los últimos días de la década de los ochenta, los últimos meses del 89, han sentado las bases para cambiar el mundo que conocíamos, los muros a los que nos habían acostumbrado y los rostros dirigentes que parecían disponer de todo el poder. Pero nada era como nos parecía y el débil soplo de la libertad ha roto casi todas la cadenas. Aunque no se debe ser más optimista de lo justo y, para evitar desilusiones, el mundo que queremos hay que construirlo desde la prudencia, esta década que cierra un siglo va a ser decisiva para escribir la historia de otro siglo.

El mundo se mueve y España también. Este pequeño país europeo ha pasado su moderada revolución y en los últimos quince años ha sentado las bases para dar el salto al siglo XXI. En la política y en la economía, la integración en la Comunidad Europea significa el reto más importante del futuro immediato. A finales de 1989, en la recta hacia 1992, la creación efectiva de la Europa de los doce con un mercado único interior, significa, primero, que ese mercado—según Peter Drucker, con menos barreras internas entre los doce países que forman la CE que las que existen en Estados Unidos—, tiene potencialmente no sólo los 325 millones de consumidores propios, de alto nivel económico, sino una puerta abierta al Este que duplica ese potencial y que va a exigir un comportamiento comercial muy diferente y muy superior al que se esperaba.

No hay que insistir en que una operación de esta envergadura es complicada y que durante varios años van a chirriar los goznes de las nuevas puertas que se están abriendo. Tampoco se puede avanzar más allá de lo imaginable en lo que puede suponer una gran Europa, que en lugar de acoger solo a los doce, incorpore a los países del Este. Las propias dificultades de la Europa de los doce son suficientes para no entrar en terrenos peligrosos, aunque, dada la velocidad de los acontecimientos, nada se puede descartar definitivamente.

¿Qué va a significar para España la década de los noventa, dentro de este panorama? De momento, fuertes tensiones, empresas en dificultades y un cambio importante en las relaciones económicas. Si el mercado único europeo era ya para España una aventura con riesgos, la apertura al Este pone mayores dificultades sobre la mesa. La Europa del Sur, la menos desarrollada de la CE, esperaba contar con las ayudas suficientes para lograr más deprisa el despegue económico. Pero la llegada de "los parientes pobres" del Este, con un mercado potencialmente mucho más importante, rompe todos los esquemas y pone a la CE ante la tesitura de elegir entre su propio desarrollo uniforme o el apoyo a otros mercados, de momento exteriores, que pueden ser el futuro. La lucha entre Alemania Federal y Francia por ser cabezas de la nueva Europa colocan también a España en la difícil posición de optar por una de las dos apuestas de futuro. En cualquier caso, España está en condiciones de ser algo más que un pequeño país receptor de inversiones extranjeras. No sólo es un buen mercado, puerta de Europa y bien relacionado con Africa e Hispanoamérica, sino que está en condiciones de recuperar un puesto de privilegio entre las naciones más industrializadas. Para ello debe, necesariamente, mantener una tasa de crecimiento económico del 3 ó 4 por 100, tras alcanzar en los últimos años una de las más elevadas de la CE, lograr un crecimiento del empleo que no sea inferior al dos por ciento anual, para ir aminorando así la tasa de desempleo, uno de los cáceres más importantes de la economía nacional; aumentar de manera importante, pero sobre todo constante, la productividad, muy baja todavía, y frenar el déficit de la balanza por cuenta corriente y reducir el del sector público y, también, de la inflación, objetivo que no ha conseguido en los últimos años el Gobierno de Felipe González.

Indudablemente, para alcanzar la necesaria competitividad es preciso majorar las infraestructuras—hay mucho que hacer en este sentido y hay que hacerlo deprisa—despejar todas la dudas sobre las reglas de juego que favorezcan un clima empresarial adecuado, apoyar la innovación tecnológica y reducir el sector público a sus justos términos.

En definitiva, con una clase empresarial española transformada generacionalmente, en los inicios de 1990, jóvenes empresarios con ideas y con capacidad de riesgo, se enfrentan al reto de recuperar las posiciones perdidas y de alcanzar otras mejores. España está en condiciones de lograrlo y es un mercado con futuro. España ya no es un país aislado, sino que, más que nunca, se ha integrado en Europa y con la Europa, de los doce o con la gran Europa sin fronteras, asume el reto de emprender las reformas necesarias para afrontar una década que va a cambiar un siglo. ☐

FRANCISCO MURO DE ISCAR, Madrileño, 41 años, estudió Derecho y se graduó en Periodismo con el número 1 de su promoción. Ha sido director de la revista universitaria "Avanzada" y de la revista de información general "España 21". Redactor, jefe de nacional, redactor jefe y subdirector del diario ARRIBA, entre 1972 y 1979, mantuvo durante cuatro años en este mismo periódico una columna diaria sobre temas políticos, socioeconómicos y laborales. Posteriormente colaboró en otras revistas y en los diarios ABC y YA, periódico al que se incorporó en mayo de 1981. En asgosto de 1983 es nombrado subdirector y en junio de 1989, director en funciones.

Galardonado con el premio Liderman a la mejor labor profesional en información, es autor de varios libros, entre ellos "Víctor de la Serna, compañero", "40 políticos ante el futuro", "La Universidad de las puertas cerradas" y "España, su inmediato futuro político". También dirigió durante varios años, la edición española del Almanaque Mundial".

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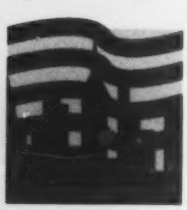
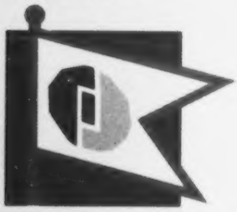


Catalonia in New York



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The Business LINK

Contents

Spring 1990 — No. 155

Chamber Activites

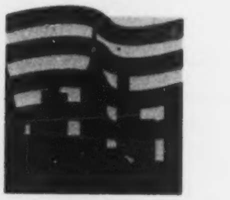
A NEW SERVICE FOR READERS
Research Associates will furnish information on Spanish companies and sectors for *Business Link* readers. In this issue, the Spanish banking sector 10

PROFESSIONAL LUNCHEONS
The Chamber is organizing a series of professional luncheons in which specific business issues will be discussed 11

NEW FACES AT THE CHAMBER
Welcome Jovita Burgaz and Silvia Soto 75

U.S.A. News

DESPEDIDA DEL EMBAJADOR
de España en los Estados Unidos, Sr. D. Julián Santamaria 5



PRESIDENT OF CATALONIA IN U.S.
The visit of H.E. Jordi Pujol 6

THE HISPANIC MARKET
"U.S. Business for Spanish Companies: A Global Perspective," *by Kader Afif* 15
National Hispanic Quincentennial Commission Plans Promotion 20

NUEVA REVISTA: "ENCOUNTERS"
Sobre actividades del Quinto Centenario 16

EL MERCADO ESTADO UNIDENSE
"Inversiones españolas directas en los Estados Unidos," *por Felipe Propper de Callejon* 18

COMMERCIAL OFFICE OF SPAIN
Shoes from Spain, Spring 1990 23

LOOKING BEYOND 1992
A survey of 1508 senior executives on future changes in the business environment, *by Mercedes A. Mestre* 34

SPECIAL FEATURE:
Sports Marketing

THE BARCELONA OLYMPICS
With record figures for TV rights etc. they are already big business 36

THE 1990 SPORT SUMMIT
1000 sport event and facility executives hear presentations on programming 39

SPORTS MARKETING AND SPAIN
The Olympics will tell the world about sports in Spain, *by Robert E. Hope* 46

SPORTS BECOME GLOBAL
The growing international audience for sports, *by Robert J. Wussler* 49

MARKETING THE OLYMPICS
A business surpassing anything its founding fathers imagined, *by Donald Dixon* 51

THE GOODWILL GAMES
An event created and owned by the cable TV industry, *by Rex Lardner, Jr.* 52

INTERCULTURAL TRAINING
Secret ingredient for peak performances in world-class athletic competition, *by Constance Franklin and Cornelius Grove* 54

Legal

STOCK COMPANIES IN SPAIN
Three new laws passed to bring Spain into compliance with European legislation, *by Miguel Jordana, Emma Costa and Mercedes Mas* 67

Europe

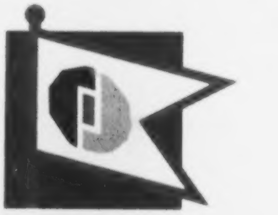
SPAIN IN A NEW EUROPE
How the developments in Eastern Europe will affect Spain, *by Rene de la Vega* 55

PATIENCE AND PERESTROIKA
Opportunities for freedom and prosperity or chaos and reaction, *by Neal M. Soss* 59

E.C. PROPOSES RULES OF ORIGIN
Proposal for agreement on principles 71

News of Spain

IFEMA EXPANDS
In its new home, IFEMA, the Madrid Trade Fair Organization, will have three times more exhibition space 28



REFORMING THE STOCK MARKET
The Spanish Securities Market Act entails a thorough reform of the Spanish Stock Market, *by Francisco J. de Lera* 30

THE TRAINS IN SPAIN
The Andalusian Express, Spain's luxury hotel on wheels 65
High-Speed Trains: A New Era in Spanish Rail Travel, *by Pancho Shiell* 66

Food and Wine

PROMOTING CATALAN CUISINE
The Paradis Barcelona Restaurant 60

TAPAS WEEK IN NEW YORK
At the Café San Martín 63

DOMECQ IN AMERICA
Making Domecq a household word 64

Art

CATALAN ART IN THE U.S.
Innovators Picasso, Miró and Dalí helped shape the development of modern art in the U.S., *by Sandra Kraskin* 74

VELAZQUEZ AT THE PRADO
The most complete collection ever of Velázquez' works has been on exhibit at the Prado Museum in Madrid 74

Departments

THE EMPIRE STATE OBSERVER
"Presencia empresarial en EE.UU.: Tiempo de visión y oportunidad de inversión," *por Miguel Sebastiá* 3

STOCK EXCHANGE LISTED FIRMS
Reports of Spanish firms listed on New York stock exchanges 27

BUSINESS OPPORTUNITIES 78

ULTIMA PAGINA
En la Europa del '92, "lo cierto es que los países integrantes de la Comunidad se van a tener que enfrentar a una nueva realidad," *por Luis Fidalgo* 80

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Presencia empresarial en EE.UU.: Tiempo de visión y oportunidad de inversión

No hay duda de que el gran crecimiento económico de España durante los últimos años ha supuesto, para gran número de empresas españolas, un notable aumento en la generación de recursos propios.

El avance inexorable hacia el mercado único europeo en 1992 y la euforia europeista, ha lanzado a las principales compañías del país a la toma de posiciones en Europa. Es lógico y plausible. Lo propio están haciendo los demás países europeos con los que pretendemos competir.

¡Cuan distinto es el planteamiento respecto al mercado norteamericano! Más de 2.400 compañías británicas están establecidas en EE.UU., casi 2.000 alemanas, 900 francesas, 800 holandesas y 450 italianas. El número de empresas españolas es inferior a 100, en condiciones generalmente más precarias y, generalmente, con un rol de simple representación. Además, no existen en EE.UU. más que cuatro o cinco marcas de artículos de consumo españoles, algunos difícilmente asociables con España.

Dice una canción popular que España, a menudo, llega tarde y mal donde ya no pasa nada. En EE.UU. está pasando mucho. Hay una constante presencia positiva de España en los medios de comunicación y este contexto propicia una excelente oportunidad a las empresas españolas para penetrar el mercado en base a una imagen moderna de país dinámico, tradicional e innovador. La transformación en los países del Este de Europa está acelerando la cuenta atrás de una oportunidad que, sin embargo, sigue aguí.

Es obvio que la actual fortaleza de la peseta frente al dólar no facilita la exportación de productos españoles pero, al mismo tiempo, abarata sustancialmente el coste de implantación en EE.UU. de una red comercial, de una propia identidad de producto o del logro de amplia distribución. Establecerse tomará un mínimo de dos o tres años y debemos estar mentalizados para ello si no queremos que se repita la vieja canción.

Es necesario evitar que el mayor mercado homogéneo del mundo (tres veces superior al de Japón y el doble aue Alemania, Francia y Gran Bretaña juntos) sea triste testigo de una oportunidad brindada y no aprovechada, de un éxito que pudo y debió ser, pero no fue.

MIGUEL SEBASTIÀ
Director Ejecutivo

Rated Miami's Best By Zagat's Hotel Survey

Zagat's Hotel Survey rated the Grand Bay the very best in the city and, in a Connoisseur magazine article, among the top hotels in America's most traveled cities.

Critics' Choice: The Grand Cafe

With a menu that features a different international specialty each month, it's no wonder our Grand Cafe has earned accolades in The Miami Herald and Florida Trend magazine, as well as several Golden Spoon Awards. Join us soon on the exclusive side of Miami.

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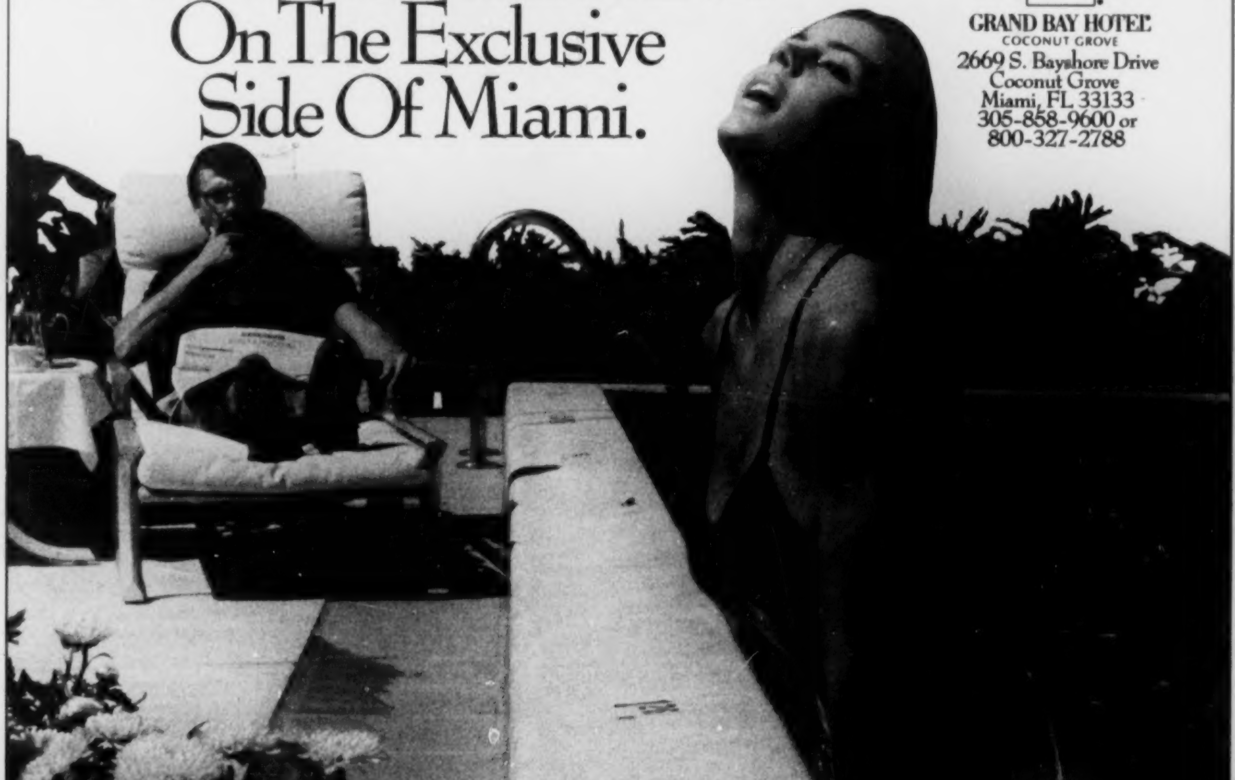

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Despedida del Embajador Santamaria

En el almuerzo de despedida (izquierda a derecha) Ignacio Equiluz, Ricardo Jove, Presidente de la Camara, el Embajador Julián Santamaria, y Inmaculada de Habsburgo, Presidenta del Spanish Institute.

El pasado 27 de Febrero, la Cámara organizó conjuntamente con el Spanish Institute un almuerzo de despedida del Embajador de España en los Estados Unidos, Sr. D. Julián Santamaria. El embajador Santamaria ha representado al Estado Español ante la Casa Blanca por un período de tres años.

Al almuerzo asistieron, adamás del Cónsul General de España en Nueva York, D. Miguel de Aldasoro, y del Embajador de España ante las Naciones Unidas, D. Francisco Villar, el Consejero Comercial de España en Nueva York D. Joaquín de la Infiesta, y destacados representantes de la comunidad de negocios de ambos países, así como representantes de prestigiosas instituciones culturales y académicas.

A los postres, y tras agradecer las palabras de introducción de los presidentes de la Cámara y del Spanish Institute, D. Ricardo Jove y Dña. Inmaculada de Habsburgo respectivamente, el embajador dirigió unas palabras a los asistentes al almuerzo en las que destacó el cambio en la percepción que de España se tiene en los Estados Unidos tras estos últimos años, cambio que en opinión del embajador saliente no deben ser atribuidos solamente a los esfuerzos que desde la Embajada de España se han realizado, sino a la importante labor que instituciones como la Cámara de Comercio y el Spanish Institute y sus respectivos socios vienen realizando desde hace mucho tiempo.

El embajador de España dijo a los presentes que su principal intención, cuando llegó a Washington a encabezar la representación diplomática española, fue la de afianzar la labor de la Embajada y de sus diferentes departamentos con el fin de establecer en unos casos y potenciar en otros los canales de comunicación adecuados y los vínculos necesarios con las instituciones y organismos norteamericanos. Esta labor, en palabras del embajador, es vital para dotar a la embajada del necesarios peso específico para cumplir con efectivadad su misón.

Tanto el presidente de la Cámara, D. Ricardo Jove como el del Spanish Institute, Clark Winters, reiteraron al embajador saliente la intención de ambas instituciones de seguir en el esfuerzo de mantener activa y fuerte la presencia española en los Estados Unidos y ofrecieron al embajador en su nuevo destino los recursos de ambas instituciones. El presidente de la Cámara resalto al embajador que su permanacia en los Estados Unidos encabezando la misión española, posiblemente habra empliado su conocimiento de la realidad norteamericana situándole en una posición privilegiada para, desde su nuevo puesto de alta responsabilidad en España, servir de gran catalizador de las relaciones hispano-norteamericanas, donde tanto la Cámara de Comercio como el Spanish Institute constituyen la cabeza de puente ideal para desarrollar estas relaciones. ☐

(izquierda a derecha) Enrique Miró Ercros, Carmen Hilton, Directora del Spanish Institute, José Fernández, Secretario de la Cámara, y Javier Collar, Cónsul de España.

President Jordi Pujol meets President George Bush in Washington.

President Jordi Pujol's busy schedule included a Chamber-Spanish Institute breakfast in his honor, meetings in Washington with President Bush and other dignitaries, a presentation at the Commercial Office of Spain in New York, a gala dinner and showing of Catalonian design, arts and fashion, and numerous other events and conferences.

President Jordi Pujol of the Generalitat of Catalonia Visits the United States

The visit to the United States of H. E. Jordi Pujol, President of the Generalitat of Catalonia, generated exceptional interest because of developments in Catalonia since his last visit in 1986, and future events—especially those of 1992. President Pujol's main objectives were economic: First, to encourage entrepreneurs to invest in Catalonia; and second, to discuss with U.S. financial institutions and chambers of commerce the opportunities for corporate U.S.A. to make Spain the platform for a strong European presence.

A full schedule was arranged for President Pujol, from a meeting with President George Bush to a corporate executive breakfast organized by the Spain-U.S.A. Chamber of Commerce and The Spanish Institute, presentations at the Commercial Office of Spain in New York, a spectacular showing of the fashions, art and design of Catalonia, and an all-day visit at the offices of Anheuser Busch—a wide spectrum of Spain-United States affairs.

The Chamber Welcomes President Pujol

To welcome Mr. Pujol to New York, on February 8th the Chamber in cooperation with the Spanish Institute, organized a corporate executive breakfast at the University Club. Attending were 30 senior executives from U.S. companies such as AT&T, Arthur Andersen, First Boston and Bankers

Above, with President Jordi Pujol at the Chamber-Spanish Institute breakfast, is Pedro Pablo Kyczynski, First Boston Corp.

At left, President Pujol (center) with Clark Winters, Chairman of The Spanish Institute, and Chamber President Ricardo Jove.

Trust, many representing the financial sector and with branches in Barcelona, and other investigating investment opportunities in Catalonia.

Co-hosts were Chamber President Ricardo Jove and Clark Winter, Jr., Chairman of The Spanish Institute. Also present were Ambassador Miguel Aldosoro, Consul General of Spain in New York, Joaquín de la Infiesta, Commercial Counselor of Spain in New York, and from the Catalan delegation Macia Alavedra, Commissioner of Economy and Finance, and Antoni Subira, Commissioner of Industry and Energy; Barry Spaulding, Senior Deputy Commissioner, represented the New York City Department of Economic Development.

In his address to the breakfast, Mr. Pujol focused on Catalonia as "The Gateway to Europe 1992," and discussed past and present economic and social aspects of Catalonia, known as "the factory of Spain". He emphasized the important role of Catalonia in 1992 and the region's tradition, potential, creativity and geographic advantages. He also mentioned U.S. companies which are taking advantage of the assets of Catalonia, in particular Hewlett Packard.

In a question and answer period following Mr. Pujol's remarks, he answered questions about incentive policies and tax abatements for foreign companies interested in establishing operations in Catalonia. The attendees were also interested in Mr. Pujol's perspective on the monetary policy of Banco de España and its effect on the Spanish economy.

There were several questions on the '92 Summer Olympics, especially as to whether there would be sufficient accommodations ready. Mr. Pujol said that a number of hotels are under construction and that Barcelona will be ready to accommodate all visitors and competitors.

The February 8th Corporate Executive Breakfast was a successful and exciting event, with many participants who are presently making decisions on strategies for competing in the European single market. The Chamber plans to include these and other executives in future business gatherings as 1992 draws closer.

Jordi Pujol in Washington

In Washington, D.C., President Pujol started at the top with a meeting with President Bush. He also consulted with Acting Secretary of State Lawrence Eagleburger, Secretary of Commerce Robert Mosbacher, Senator Robert Dole, and Congressmen Sam Gibbons and Dante Fascell. He was honored at a luncheon at the Woodrow Wilson International Center attended by members of Congress and

About Jordi Pujol

To understand president Jordi Pujol's position in Spain, we must go back to 1977, after Spain's return to democracy, when he was elected to the Spanish Congress and worked at the head of his parliamentary group during the drafting of the Constitution. He was re-elected in 1979, but after the approval of the Statute of Catalonia (which granted the region its present autonomy), he relinquished his congressional seat to run for his current office.

Jordi Pujol's participation in Catalonian affairs began in 1946, when he was an active member of Catalonian nationalist and Catholic youth groups. As a consequence of his political militancy, he was arrested and accused of organizing democratic and pro-Catalonian campaigns, and imprisoned for 32 months.

From the 1960's Mr. Pujol devoted much effort to Catalonian development, leading to the creation of a bank and a complete general encyclopedia written in Catalan from a Catalonian standpoint.

Pujol's leadership has been a determining factor in Catalonia's progress: developing the Catalonian government infrastructure and restoring the Catalan language to its status as Catalonia's primary language. Since 1984, President Pujol has devoted himself to modernizing Catalonia in the fields of education, industry, agriculture, and introducing the Catalonian people to the latest international developments. ☐

Above, at the University Club breakfast, G. Ware Travelstead of the Travelstead Group.

At right, the dais at the breakfast.

President Pujol confers with Governor Mario Cuomo of New York.

At the breakfast with U.S. senior executives, President Pujol is welcomed by Barry Spaulding, Deputy Commissioner, New York State Department of Economic Development. Behind them are Mr. Jove, Commissioner Macia Alavedra and Commissioner Antoni Subira.

scholars. Evening receptions were also planned to provide President Pujol with many new contacts in the U.S. capital.

At the Commercial Office in New York

In New York President Pujol and his associates from Catalonia received an extensive briefing on the services, departments and activities of the Commercial Office of the Embassy of Spain. Commercial Counselor Joaquín de la Infiesta welcomed the Catalan group and presented a study of Spanish and Catalonian exports to the United States. Catalonia, he said, represents 16.3% of total exports from Spain, including the largest shares of beverages, textiles, electric machinery and chemical products.

Other Commercial Office officials who participated in the presentation to the Catalonian delegation were Deputy Trade Commissioner Juan Carlos Recoder, Commercial Attache Amparo Campa, and Juan M. Arimany, Catalonian business advisor, who prepared the structure and research for the meeting. The directors of the five trade departments offered detailed sector evaluations and named the key companies represented in the United States.

In Washington, Mr. Pujol meets U.S. Secretary of Commerce Robert Mosbacher (left). With them is Julián Santamaria, Ambassador of Spain to the United States.

Sergio Allard, Director of Wines of Spain, explained the main professional services his department provides: Information and education; a general advertising campaign representing all Spanish wines (50% of which are from Catalonia); and sales promotion, including retail promotion and sponsorship of promotional events.

Mercedes Lamamie, head of the fashion department, divided her area into five groups: Shoes, apparel for men, apparel for women, children's fashions, and jewelry. Fashion, she said, a key industry of Catalonia, adds value to the textile industry since the majority of Spains most popular designers and manufacturers are located in the Barcelona area.

Jesús Herrero and José Antonijuan, in charge of consumer goods and industrial products and technology respectively, reported that their departments are still largely under development and that efforts are being made to establish stronger associations with U.S. business partners.

Also present from Catalonia at the presentation were Antoni Subira, Catalonian Commissioner of Industry and Energy, Joaquín Muns, Advisor to the President, Anna María Birules, Director General of Commercial Promotion, Josep Cortedellas, Chief of the

Mr. Pujol tours the Commercial Office of Spain in New York with Joaquin de la Infiesta (left) and Juan Carlos Recorder (right), Commercial Counselors.

The Catalonian delegation and hundreds of guests see Catalonian fashions during a gala evening at the Armory.

Foreign Promotion Service, and Antoni Rovira, Director of COPCA.

With Commercial Offices of Spain in New York, Washington, D.C., Miami, Chicago and Los Angeles, the Catalonian group was told, substantial future growth is expected. The various offices focus on different types of promotion, with Chicago specializing in machinery and tools and Miami on home products.

A Busy Round of Conferences

President Pujol also met with United Nations Secretary General Javier Perez de Cuellar and Governor Mario Cuomo, and was guest of honor at a private luncheon of the Council on Foreign Relations.

The Catalonian delegation also visited the Museum of Modern Art for the signing of an agreement to sponsor an exhibit of the work of the celebrated Catalonian artist Antoni Tàpies, with generous grants from the Generalitat de Catalonia and the Institute of North American Studies. Tàpies, who was born in 1923, will exhibit eighty of his prints and book illustrations dating from the late '40s to the present. Mr. Pujol has been actively involved in promoting this sponsorship.

Following the opening of an exhibit at the Baruch College Gallery, "The Second Vanguard: Catalan Painters and Sculptors," a gala dinner, exhibition and fashion show, "Design, Arts and Fashion of Catalonia", brought the delegation and hundreds of guests to the Park Avenue Armory. Music echoed in the Armory as the new fashions from Catalonia were modeled, including clothing for women, men and children. Following enthusiastic applause and encores for the fashion models, curtains were opened on the opposite side of the room to reveal a feast from the Paradis Barcelona restaurant, including a variety of wines (featuring, of course, Catalonia's famed Cava sparkling wines).

A final visit of President Pujol should be highlighted: An entire day spent with officials of Anheuser-Busch to discuss the giant new theme park scheduled to open near Barcelona. We look forward to reporting the progress of this operation and many others which constitute an explosion of activity in Spain. The spotlight of the Olympics and 1992 shining on Spain creates an opportunity to project a global image of rapid growth and potential. ☐

Above, at the Metropolitan Museum dinner, Chamber board member Vicente Garcia Delgado talks with Mrs. Jordi Pujol, while behind them President Pujol speaks to Javier Godó, Chairman of Spain's Antena 3 TV network.

Among the social events in honor of the Pujols during their visit was a formal dinner at the Metropolitan Museum of Art. Above, Mr. and Mrs. Raymond Surguy with Mr. and Mrs. Pujol. At the same dinner (right) are Mr. and Mrs. Wilson Harrell and Mr. and Mrs. David Askren. Mr. Surguy and Mr. Harrell are present members of the Chamber board and Mr. Askren is a former member.

CHAMBER ACTIVITIES

A New Service for *Business Link* Readers

The Chamber begins a relationship with Research Associates, which will furnish information on Spanish companies and sectors.

The Chamber Inaugurates Cooperation With Research Associates

Requests from readers of *The Business Link* for information about Spanish companies have led the Chamber to initiate a cooperative relationship with Research Associates, a Madrid firm specializing in providing stock market risk assessments of major companies listed on the Spanish stock exchange. They have already analyzed a large number of important firms and plan to add 90 more, plus five sector surveys. The cooperative relationship with the Chamber will enable *The Business Link* to present objective perspectives on various Spanish industries.

Methodologically, the surveys use historical data of the companies listed and compares them to their competitors. Financial data over the last five years are used. Risk assessments are on the competitive environment and position of the firm, and financial analysis includes profitability, cash-flow generating capabilities, asset evaluations, capital structure, and flexibility assessments.

The report summarizes the most important features of the business in which the company operates, and also takes business cycles into account. Sensitivity analysis and financial projections are also included, whenever they are available.

Creditworthiness assessments follow, assuming loans that run between one and three years. This feature was added in response to growing demands from readers.

(CONTINUED ON PAGE 12)

The following is an excerpt from an Executive Summary of Banco Exterior de España prepared by Research Associates. This section deals with the Financial and Banking Environment. For those unfamiliar with the Spanish banking system, it should be noted that Spanish banks, unlike those in the United States, are allowed to hold portfolios of the stocks of private companies, and in some cases actually hold controlling interests in those companies.

These are some of the most significant features of the Spanish banking sector:

1. Assets: Ptas 30 trillion ($339 billion)

As of July 31, 1989 the unconsolidated balance sheet of private Spanish banks amounted to Ptas 39.3 trillion, 16% higher than the aggregate balance at December 31, 1988. These figures do not include savings banks or the banks under the umbrella of ICO, but they do include foreign banks with branches and subsidiaries. The breakdown of the assets by type of banks at the end of July is shown in table A.

2. High Levels of Profitability and Strong and Healthy Balance Sheets

The banking crisis of the early 1980s has been overcome and Spanish banks are now much stronger. The average profitability is high, both in absolute terms and when compared to other banking systems (table B). Also, the efficient control and rigorous measures of the monetary authorities have produced substantially sounder balance sheets, with a high level of provisions and particularly strong capitalization ratios. In the stock market this is reflected in that the market capitalization of most banks is high.

3. Development of Competition in the Past 10 Years

Until the beginning of the 1980s Spain's banking sector was noted for scant or no competition. Factors such as the massive arrival of foreign banks between 1979 and 1981 and the financing needs of the public sector in the 1980s led to the establishment of banking methods which in the span of a few years have transformed the sector.

4. Increasing Specialization and Segmentation

In some cases (apart from the big banks which are present in all segments) greater competition has caused more segmentation and specialization. On the one hand, foreign banks are mainly concentrated on the wholesale market, providing services mainly to big companies. This segment's margins have considerably deteriorated in the past few years, to such an extent that many foreign banks operate with marginal volumes of business and profitability levels. The most dynamic foreign banks (such as Bankers Trust and J.P. Morgan) have gone into investment banking. On the other hand, there has been a certain specialization by second banking names through regionalization or concentration on certain sectors. Finally, the main Spanish banks have adequately responded to the greater competition, raising the quality of their staff, introducing marketing as a way to promote banking products and showing a greater ability to adapt to customer demand.

5. Strengths and Weaknesses

The main strength of the big banks is their strong presence in the retail market and their still high net interest income margin, which is among the highest of developed markets. At the same time, some banks such as Banesto, Central and BBV have major industrial holdings which give them a captive market for business and enable them to maintain hidden reserves in their balance sheets, as well as an important source of dividends. The main weaknesses are the overstaffing and poorly qualified personnel, too many branches, the lack of a major presence

A. ASSETS BY TYPE OF BANK

Unconsolidated Data July 31, 1989	Assets Ptas. M	%	Number of Banks
National Banks	24,148,813	61.4	16
Industrial Banks	4,225,378	10.8	23
Regional Banks	3,457,186	8.8	13
Local Banks	4,212,856	10.7	47
Foreign Banks	3,258,325	8.3	45
Total	39,302,558	100.0	144

Source: *CSB/Research Associates*

B. PROFITABILITY OF SPANISH BANKS

Unconsolidated Data Fiscal Year 1988	Avg. Assets Ptas. M	%	Pre-tax Earnings Ptas. M	%	ROA 1988
National Banks	19,943,760	61.4	296,283	65.3	1.49%
Industrial Banks	3,597,695	11.1	41,101	9.1	1.14%
Regional Banks	2,885,826	8.9	44,108	9.7	1.53%
Local Banks	3,538,103	10.9	49,682	10.9	1.40%
Foreign Banks	2,512,941	7.7	22,694	5.0	0.90%
Total	32,478,325	100.0	453,868	100.0	1.40%

Source: *CSB/Research Associates*

abroad (no bank is of a comparable size to the big European banks) and problems in competing, adequately with savings banks whose profitability criteria are not the same as the banks'.

6. Dangers and Opportunities

The most imminent danger (and the most announced) which faces the banking sector is the pressure on net interest income under the greater cost of deposits and probably also because of the lower future yield on assets derived from lower real interest rates (stemming from Spain's membership of the exchange rate mechanism of the EMS) and greater consumer awareness. According to this argument Spain's margins will tend to come closer to the rest of Europe. This process, which will be gradual, will to a large extent be offset by the enormous opportunities resulting from lower overheads, both for personnel and other items. Despite the necessary investment in computerization in the short term, recent examples such as Banco Exterior, Banesto and Banco Hispano Americano suggest that the possibilities of improving results vis cost cutting are there.

A still unclear danger is the entry of EEC banks into Spain. Many of them are already operating in the market (both through branches or small distribution networks, as is the case for BNP, Barclays, Société Générale and Crédit Lyonnais). In our view, this risk will increase in the future and will come more from European banks taking equity stakes in Spanish banks, both friendly and hostile, than from greater competition as such. The opportunity for Spanish banks to develop important operations abroad appears limited to us since they lack know how in up to date products in order to establish a niche strategy in the developed markets, and they are not large enough to pursue a predatory policy like that which European banks may follow in Spain.

Of the recent international experiences (Banco Santander's crossholding with Royal Bank of Scotland and BBV's swap of a subsidiary for a unit of BNP) the BBV path seems to us the most attractive, given that alliances which do not involve single management of the income statement are doubtfully efficient, although Santander's option is bolder and with more objectives than Europartners, which links Hispano Americano with Commerzbank, Crédit Lyonnais and Banco di Roma.

7. Foreseeable Trends

On the basis of all this in the medium term the following trends look likely: (1) slow decline of the system's net interest income to a large extent offset by lower operating costs and greater income from other products; (2) continued mergers/alliances, without disregarding the possibility of hostile bids, both by Spanish and foreign entities; at the same time, a greater process of concentration around the big banking groups; (3) growth in para-banking activities via the introduction of an increasing number of products in the global offer of banks which would put the branch networks to greater use and make them more profitable.

SUMMARY OF CONCLUSIONS

The Spanish Banking Sector

Positive Features

1. Sound and well capitalized balance sheets and a high level of profitability for most banks.
2. The process of liberalization and disintermediation is being well managed by banks, which are trying to boost fees and reduce overheads to offset the expected decline in net interest income.
3. Strong retail presence around Spain which will prevent the indiscrimi-

(CONTINUED ON FOLLOWING PAGE)

C. EXAMPLES OF SPECIALIZATION

Company	Avg. Assets 1988	ROA 1988	Segment
Manufacturers Hanover Trust	210,591	2.85%	Corporate Banking
Bankers Trust Company	65,503	2.23%	Investment Banking
Morgan Guaranty Trust	149,779	1.70%	Investment Banking, Bonds
BNP España	338,215	0.25%	Consumer Financing
Banco Popular Español	1,229,252	2.48%	Retail Banking
Banco Santander de Negocios	86,910	2.65%	Investment Banking
Hispamer	416,436	1.43%	Leasing, Consumer Financing
Banco de la P. y M. Empresa	44,861	1.22%	Middle Market and Small Companies

Source: *Research Associates*, Pre-tax ROA in all cases.

THE SPANISH BANKING SECTOR

(CONTINUED FROM PREVIOUS PAGE)

nate entry into the country of other European banks.

4. In certain cases, large industrial holdings which enable captive business to be guaranteed and considerable hidden reserves to be generated.
5. Efficient control exercised by the monetary authorities.

Negative Features

1. Overstaffed and too many branches. Also a still low degree of professionalism in investment banking and a scant presence in the European market.
2. Trend towards reducing the aggregate net interest income, reflecting the higher cost of deposits.
3. The strong control by the monetary authorities in 1989 is slowing down the strategic plans of some banks.
4. Increasingly tougher competition by savings banks.

BANCO EXTERIOR:
Summary of Conclusions

Positive Features

1. Significant improvement in pre-tax profits (up 42%) and cash flow (up 22%) in the first nine months of 1989. Lower provisions will lead to a higher than average increase in profits in 1990 and 1991.
2. Strengthening of the balance sheet in the past few years.
3. The management team under Mr. Francisco Luzón has brought modern and professional banking methods to Exterior, in sharp contrast to the purely political and poorly innovative style of management of previous chairmen. The strategy for the future is ambitious and well defined.
4. Extensive overseas network.
5. The size of the banking group (some 700 offices) makes collaboration agreements with other Spanish or foreign banks potentially attractive.

Negative Features

1. Significantly lower level of profitability than other banks.
2. The business culture of Banco Exterior was very static until 1988. Ground has been lost to other banks in all areas.
3. Due to the format of export credit in Spain, a good part of the bank's business provides lower profitability levels than those from freely-invested funds.
4. Apart from its position as the export credit market leader, in other products the bank is at a competitive disadvantage.

Assessment

Banco Exterior is meeting the challenge of becoming a modern bank in an increasingly competitive environment. The bank has drawn up a very clear strategy which represents an overall break with the past. Of course, the success of this plan will depend on the quality of the management team: so far we perceive profound knowledge of the banking business, clear ideas, the will to change and be more aggressive, all of which should be positively evaluated. In our view in the next few years Banco Exterior's results will improve and will bring the bank more into the line with the other big Spanish banks, and this should push up the share price. Bearing in mind that the current market capitalization is Ptas. 160 billion ($1.4 bn) and the bank's ambitious plan, the share looks attractive. ☐

NOTE: Because of space limitations we are not publishing the bulk of the report on Banco Exterior.

A New Service for *Business Link* Readers

(CONTINUED FROM PAGE 10)

The company is also evaluated with respect to its stock market value, and its potential to gain value over time, relative to the stock market index.

Research Associates does not take positions in the companies it analyzes. It is an independent consulting firm seeking especially institutional clients. Nor are RA associates holders of posts in any other firms. However, the detailed study of any one company includes work sessions with high officers of the analyzed companies. The company has developed significant business relationships with about 150 institutions. Spanish as well as foreign.

Research Associates was founded in 1986 by Albert Ortega de los Reyes, and Joaquín Tamames. Both founding associates hold MBAs and have worked as credit analysts and later in more responsible positions with American financial institutions in Spain, and sometimes abroad. Albert Ortega de los Reyes has been in charge of correspondent banking and relations with other financial institutions at Chemical Bank in Spain, and commercial director of the leasing department, which he helped found.

Joaquín Tamames is currently professor of finance at the Instituto de Empresa in Madrid. He is also responsible for financial consulting at Chemical Bank in Spain, a member of the European Consultancy Group in London specializing in corporate finance consulting services, and a professor of finance at the Spanish branch of St. Louis University.

Also a principal of Research Associates is Jaime Mariategui Valdés, who joined RA in 1988. He started as auditor with Coopers & Lybrand in Madrid has been a correspondent banking director at Manufacturers Hanover in Madrid, the foreign bank with the highest stakes in Spain, and a vice president of commercial operations and capital markets with Continental Illinois. In 1987, he became general secretary of SPI, an electrical contractor, and oversaw its restructuring until its return to profitability.

To contact Research Associates, write or telephone Joaquín Tamames at Calle del Cid, 4; 28001 Madrid; Telephone: 34-1-564.10.74; Fax: 435.59.83. ☐

U.S.A. NEWS

Tourist Office Director Aurelio Torrente Returns to Spain

Aurelio Torrente, Director of the National Tourist Office of Spain in New York since 1987, has returned to Madrid to accept the position of Director of Cultural Activities and Image with the Banco de Crédito Oficial.

Before coming to New York, Mr. Torrente had been Director of the Spanish Museum of Contemporary Art in Madrid.

In the photograph above, at a farewell reception in his honor at the Casa de España on March 1st, Mr. Torrente (second from left) is joined by Chamber Executive Director Miguel Sebastiá, President Ricardo Jove, and Deputy Director Juan Mas.

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Friday, June 15th

The 1990 DINNER DANCE

at the
Pierre Hotel

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(212) 967-2170

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New York, NY 10022
TEL: (212) 759-5560
FAX: (212) 355-2388
REP-CH: Joseph R. Sanchez
BC: Investment Banking Representative

INDUSTRIAL TECNICA PECUARIA, S.A.
Trav. Les Corts, 161
Barcelona, Spain 08028
TEL: 330 88 61
TLX: 410 02 19
REP-CH: Pau Brufau de Barbera, Director Gerente.
BC: Food additives.

WORLD YACHT INC.
Pier 62 at West 23rd Street
New York, NY 10011
TEL: (212) 337-4370
REP—CH: Kenneth A. Rosen, Director of Catering
BC: Restaurant

BANCO CONSOLIDADO
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New York, NY 10022
TEL: (212) 980-1770
REP-CH: Rafael Santandreu
BC: Banking

JOSEPH HILTON & ASSOCIATES
444 Madison Avenue
New York, NY 10022
TEL: (212) 319-8999
REP-CH: Jeffrey Weiller
BC: Real Estate Advisory.

GENERAL ELECTRIC PLASTICS
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Pittsfield, MA 01201
TEL: (413) 448-4794
REP-CH: Mrs. Diana L. Wall
BC: Engineering Thermoplastics

J. G. STANLEY & CO., INC.
35 East 35th Street
New York, NY 10016
TEL: (212) 725-5442
FAX: (212) 889-0437
REP-CH: Joan G. Stanley

FASA-RENAULT
Avenida de Burgos, 89
Madrid, Spain 28050
TEL: (1) 766-1900
REP-CH: Gerard P. Gastaut, Secretario General
BC: Manufacturer Automotive Products

THE ROGER SMITH WINTHROP HOTEL
501 Lexington Avenue
New York, NY 10017
TEL: (212) 755-1400
FAX: (212) 319-9130
REP-CH: Jerry O. Donoghue
BC: Hotel

ZARA INTERNATIONAL INC.
750 Lexington Avenue
New York, NY 10022
TEL: (212) 754-1120
REP-CH: Juan Jose Lopez Romero
BC: Importers

See Chamber Directory for key to abbreviations

CHAMBER ACTIVITIES

Chamber Organizes Professional Luncheons to Discuss Specific Issues

Among the activities scheduled for this year, the Chamber is organizing a series of professional luncheons to disseminate information among members and friends of the Chamber of Commerce about specific business issues. The speakers will be professionals from the sectors discussed in each session.

The first luncheon took place at the offices of Telefónica de España in New York, and featured William Weber, President of Weber International Limited and former General Manager of *Business International* in Spain, who spoke on the business opportunities that Spain presents for American investors.

In his lecture, entitled "Considerations of Establishing Operations in Spain", Mr. Weber summarized several factors that an American company should keep in mind when deciding to start an operation in Europe, and when considering Spain as the site for their facilities. He pointed out some sectors that were considered most optimistically in the economic forecasts of the OECD and the EIU. Chemical products, food and drinks, fuels, automobiles, furniture and construction materials were, in Mr. Weber's opinion, the industrial sectors in which Spain presents a favorable panorama.

He addressed concerns that he experienced while in Spain, such as the labor force situation (both blue collar and white collar), the lack of funding for research and development in universities, the politization of the labor unions and of economic life in general, and obsolete infrastructure in telecommunication and transportation systems. These factors, although changing rapidly, may present difficulties for some foreign corporations when they start operations in Spain.

After Mr. Weber's presentation there was a question and answer period allowing an interesting exchange of ideas among attendees and the speaker.

The Chamber has scheduled a series of these luncheons throughout the year:

- Professional real estate in New York, scheduled for April;
- Establishing relations with federal departments, May;
- Spain-U.S. trade situation, September;
- Distribution of products in the U.S., November;
- The new developments in the E.E.C., December.

Places and speakers will be arranged. We will keep you informed. ☐

SPAIN NEWS

Madrid Conference on Banking Topics, "Spain Facing 1992"

On January 29, 1990 *Cinco Dias*, *The Wall Street Journal*, Manufacturers Hanover, and the Madrid Business School held a conference at the Palace Hotel in Madrid on the subject of "Spain Facing 1992." Presiding at the conference were Guillermo de la Dehesa of Banco Pastor, Manuel Soto of Arthur Andersen, José Ramón Alvarez Rendueles of Banco Zaragozano and Salvador Garcia Atance of Asesores Bursátiles. Speakers included Carlos Solchaga, the Minister for Economy and Finance, Mario Conde, the relatively young and popular President of Banesto, Oscar Fanjul, the President of Repsol, Luis Carlos Croissier, a former head of the National Institute for Industry, Jordi Mercader, current Director of the National Institute for Industry, Emilio Botin, president and Senior Partner of Banco de Santander, as well as Mariano Rubio, Director of Banco de España, the central bank of Spain.

The conference covered mainly commercial and investment banking topics. Angel Rojo of Banco de España noted that Spanish operating costs were above those of the European banks. The size issue (Spanish banks are considered too small, and therefore an easy prey to foreign takeovers) was less important than the productivity issue for the survival of Spanish banks.

Miguel Boyer, the former Minister of Economy and Finance warned that if the integration process was not accelerated, it would go backward. He also warned of the attractiveness of Eastern Europe to investors who would otherwise go to Spain to produce new products, citing GE's decision to invest in Hungary as an example. He also found that a further devaluation of the Peseta was not a desirable policy with regard to the EMS, which is "incompatible with the competitive devaluations." It was also a bad policy with regard to the strong internal demand that exceeds production in Spain.

As representative of Manufacturers Hanover, the strongest foreign bank in Spain, Donald McCouch, who signed the "Eurocredit" of the Kingdom of Spain in 1982 with Boyer, spoke about the new challenges faced by the banking industry today. "It's probably harder today. In this business, you do not give or take a loan today, place it for ten years, and sleep in the meantime. This business requires new transactions every day . . . Our ability to do financial intermediation is put into question." He also stressed the execution of a project as its decisive feature. "People make the difference over whether a strategy attains success or total failure."

As to banking in Spain, he said that "if you look at the terms under which foreign banks operate in Spain, the results are not always successful." Manufacturers Hanover plans to open a full-service investment bank in Spain. He foresees that in 1992, "there will be banks who will commit errors. It does not depend on the strategy that you choose, because there are many ways in which to approach this single market successfully. It depends on the particular way of taking advantage of the knowledge and opportunities available in the market." ☐

U.S. Business for Spanish Companies: A Global Perspective

The U.S. market "offers outstanding opportunities which, properly exploited, are very rewarding."

By Kader Afif

The globalization of world economy is a fact which should be concretely recognized in production as well as in trade. Rapidly unfolding world events are accelerating that process. The dramatic on-going changes in Eastern Europe will certainly have an impact on the level of direct investments flowing into Spain, threatening the relatively high growth rate and jeopardizing the positioning of the Spanish economy within the EEC.

With the accelerated process of globalization and the major EEC changes scheduled to be finalized in 1992, it is no longer possible for Spanish corporate managers to be satisfied with their home market performance and share. In the near future, they will be threatened in their own turf if they have not sharpened their competitive skills in the open international markets.

Understandably, Europe is the top priority market for Spanish industry and it will require a major investment of attention, time and resources. The competition will reach a new high in intensity. The inadequately prepared or armed companies will be gravely hurt or fatally wounded. And, there are other priority markets which should not be neglected or ignored. Globalization requires a broader vision and strategy. There are compelling reasons for not putting all one's eggs in one basket.

The U.S. marketplace certainly qualifies as a key priority market. It is very competitive, yet open and a market of reference. It offers outstanding opportunities which, if properly exploited, are very rewarding. However, some common foreign misperceptions undermine the formulation of a sound judgment. Its sheer size proves quite often to be most paralyzing. Thus it is thought that the level of resources required are beyond the means of most small- and medium-size companies.

In some respects, the U.S. super market is not unlike the European one. But it is more homogeneous and has a broader common base. In fact, it is a collection of variable-size markets with demographic and regional particularities. This can be demonstrated by major business publications such as the *Wall Street Journal, Time* Magazine and *The New York Times* which issue regional editions targeted to different audiences. Hence, it is possible with modest resources to enter the market segment(s) offering the most promising returns but only after a comprehensive study of the overall market and careful preparation.

A quick statistical review of U.S.-Spanish trade and Spanish investment in the U.S. reveals the need for Spanish companies to be more aggressive in their American efforts. Exports to the U.S. are practically flat ($Billions 3.1; 3.2 and 3.35 for 1987, 1988 and 1989) while imports from the U.S. continue to show a healthy growth ($Billions 3.1; 4.2 and 4.8 for the same years). Among the EEC countries, Spain is only the 7th exporter to the U.S. The ratio of exports to the U.S. vs. total exports went down from 9.1% in 1987 to 8.2% in 1988 and 7.6% in 1989, an added indication of the declining trade performance with the U.S. The figure for direct investments in the U.S., as an indicator of long term positioning, shows Spain lagging behind many other EEC countries. The cumulative amount as of 1988 stood as follows: ($Billions) Spain: 0.6; Great Britain: 102; Netherlands: 49; W. Germany: 23.8; France: 11.4; Belgium: 4; Italy: 0.7.

If we consider the dynamism and skills of Spanish business people and the presence in the U.S. of a fast-growing Hispanic community, a strong case could be made for Spanish companies to increase their efforts and develop an effective strategy aimed at exploiting the untapped potential.

It is worth noting that the Hispanic population in the U.S. is reaching the 20 million mark and has a fast growing median family income of $24,700 ($19,900 in 1985 and $14,700 in 1980). The Cuban segment with $33,200 approaches the U.S. general market median of $35,600. It is estimated that U.S. Hispanics have a total buying power of $171 billion (about 50% of Spain's GDP), an increase from $134 billion in 1987. These figures explain why U.S. corporations, marketers, promoters, advertisers and managers are finally paying greater attention to the increasingly important Hispanic market.

For Spanish companies considering entry in the U.S. with limited resources, the Hispanic market could be a suitable and less costly target. Once the presence established and consolidated, it could serve as a launching pad for expansion into other market segments and Latin America.

But they should first step back and address such crucial issues as:

- Should we participate in the U.S. market at this time in light of our overall corporate objectives, strengths, financial resources, weaknesses and opportunities in other international markets?
- If the answer is yes, what is the most appropriate method of competing

(CONTINUED ON PAGE 22)

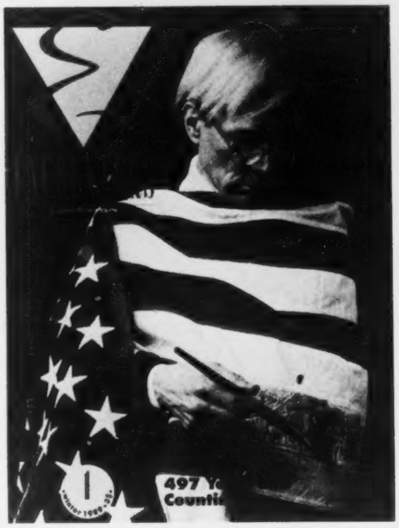
KADER AFIF is Chairman of SUN Management Inc., a New York-based management firm specializing in global business development and U.S. market entry.

U.S.A. NEWS

Nueva revista: "Encounters"

Para "reflejar y fomentar un espiritu de colaboración entre todas aquellas organizaciones que están trabajando en alguna actividad del Quinto Centenario."

Por José Tono Martínez



Cuando por primera vez se reunió el equipo de personas con el compromiso firme de editar una nueva revista recuerdo que una de las primeras conclusiones de aquella reunión fue la de incorporar el máximo de tendencias y posturas, e incluso de reacciones viscerales, que acompaña una reflexión imaginativa pero seria de lo que suponen temas tan espinosos y polémicos como lo son el sentimiento hispano, la herencia española, los 500 años de América, Colón, las relaciones España-EE.UU., etc.

La vocación de *Encounters* se definía entonces como modernista casi a la manera de Rubén Darío: "Incorporemos la belleza al árido debate intelectual". Claro que sin perder de vista la perspectiva que daba razón de existencia a la revista: 1) reflejar y fomentar un espiritu de colaboración entre todas aquellas organizaciones que están trabajando en alguna actividad del Quinto Centenario, 2) hacerse eco de los vínculos culturales existentes entre Latinoamerica, España y los EE.UU., 3) ser profundamente "colombinos" pero sin agotarnos en esa polémica histórica: ser "colombinos" en cuanto ejemplo de aventura y desafio y 4) buscar las propias raíces en el continente americano y, con profundo respeto, intentar comprender los nexos entre las diversas culturas, razas y minorías que pueblan los EE.UU. para, desde esa pluralidad, acercarnos a lo que puede ser una relación fructífera de cooperación entre España y el mundo latino que supone una significativa parte de los EE.UU.

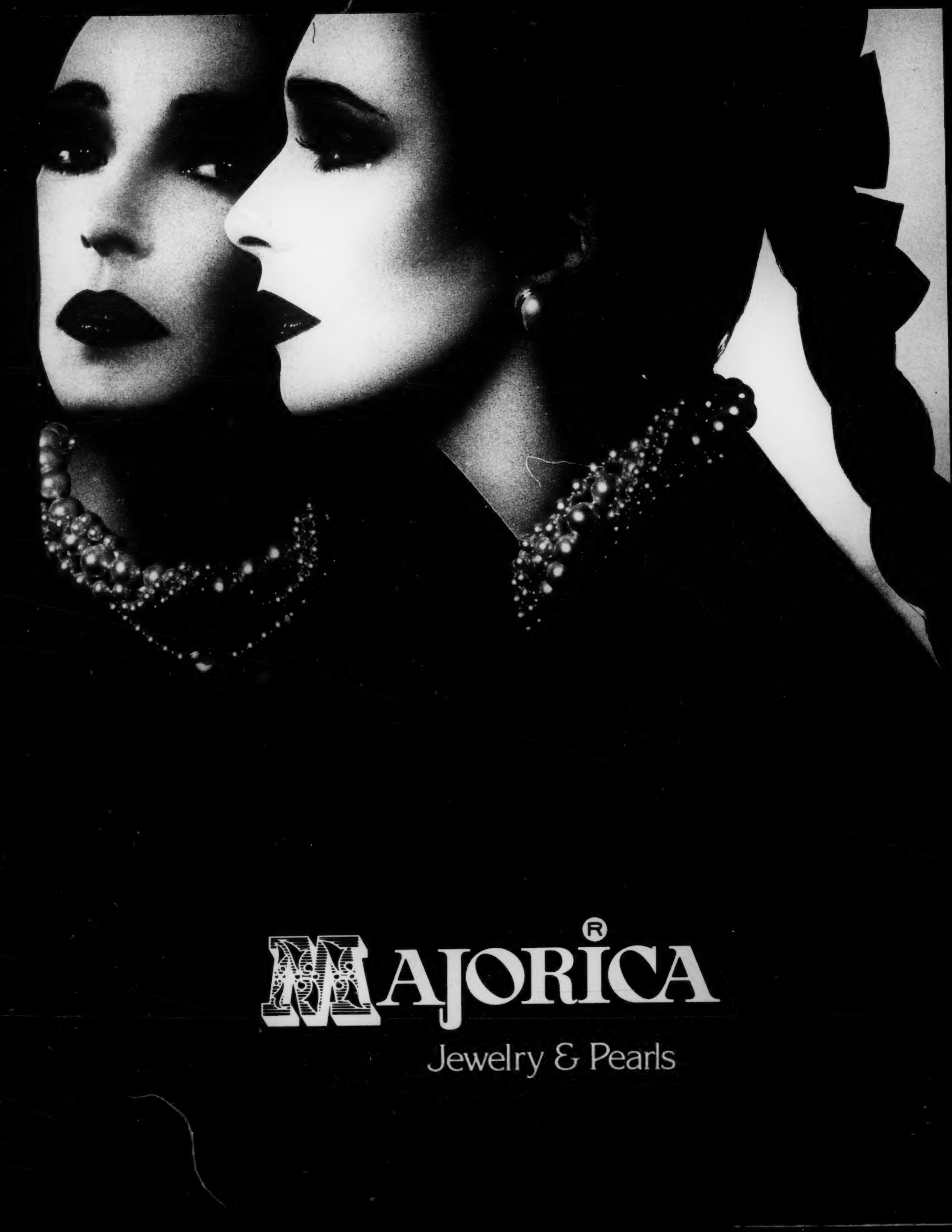
No partíamos de cero. A la experiencia de la Fundación Spain '92 se incorporaba desde el primer momento el largo e importante trabajo del Latin American Institute de la Universidad de New México. Quizá sea interesante recordar aquí las palabras del primer editorial, que refleja el modo con que abordamos el proyecto:

"Historic anniversaries have a way of generating their own significance-and, one might add, their own publications. Encounters is a magazine inspired by 1992, the five hundredth anniversary of Columbus's fateful voyage across the Atlantic. It is also the year in which the Western European countries will unify their financial markets, posing a new challenge to the economic power of the Western Hemisphere.

"The interaction of peoples that began in 1492 continues today and constitutes the subject matter of *Encounters*. We will report on the ideas and events of the ongoing encounters that shape the Western world. Our focus will be pan-Atlantic, pan-American, and pan-Iberian. An expanded exchange of ideas and influences between the Americas and the new Europe should be one of the logical consequences of the Columbian anniversary. The United States, with its racial and cultural multiplicity, and Spain, with its historical multiplicity, are the logical protagonists of such an intellectual encounter. If modern and democratic Spain seeks to find its economic future in the new Europe, its cultural future stems from its American legacy. While the United States has been shaped by its European cultural inheritance, its demography is increasingly Latin American, and its economic future increasingly hemispheric. *Encounters* is a joint venture of the Spain '92 Foundation of Washington, D.C., and the Latin American Institute of the University of New Mexico in Albuquerque, New Mexico. It will cover news of the Quincentenary as well as broader issues and events, ranging from cultural developments in contemporary Spain to Hispanic issues in the United States and social changes in Latin America. The *Encounters* editorial staff joins the Spain '92 Foundation and the Latin American Institute of the University of New Mexico in extending this invitation to participate intellectually in the encounters that continue to shape and reshape our world."

Una vez que los principios de contenido quedaron definidos fue necesario desarrollar un formato que permitiera incorporar en un mismo diseño aquellos tres aspectos que una revista del Quinto Centenario no podía olvidar. Por una parte *Encounters* era una newsletter de información, por otra era una "scholarly review" de investigación y, en tercer lugar, era también una revista moderna que pretendia una audiencia que sobrepase el círculo académico pero sin renunciar al mismo. Fue así como el equipo de diseño "Experimenta" resolvió lo que es hoy ya una revista de gran difusión. El primer número salió a la calle con 35.000 ejemplares y, siendo una revista trimestral, a los dos meses hubo que sacar a la calle una segunda edición de 15.000 ejemplares. Consideramos, pues, por nuestra parte, que los objetivos de aquella primera reunión han quedado cumplidos. El resto corresponde al lector. ☐

JOSÉ TONO MARTÍNEZ is the editor of *Encounters*, a quincentenary review.



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"EE.UU. ofrece muchas ventajas al empresario español que llega con una estrategia clara y aconsejado por asesores legales y financieros competentes."

Por Felipe Propper

Hablar de inversiones directas españolas en los Estados Unidos puede parecer algo sorprendente en el momento eufórico actual cuando Europa del Este se está abriendo a un régimen democrático y a una economía de casi libre mercado a pasos agigantados. Las oportunidades que tales acontecimientos nos ofrecen son más bien coyunturales y aunque parezcan grandes no son sin riesgos. A largo plazo, la estrategia empresarial española ha de seguir enfocada hacia el Oeste y hacia EE.UU. en particular, pues de no ser así, España perderá paulatinamente la influencia política y económica donde más importa, es decir, en la Comunidad Europea.

Por primera vez en más de trescientos años, España está en posición de iniciar inversiones directas en EE.UU. Tiene una estructura política estable en un marco democrático, una base económica fuerte y en rápida expansión, reservas monetarias considerables y una nueva generación de hombres de negocio bien preparados para dirigir las empresas de mañana. Además, ahora cuenta con un gobierno que anima las inversiones directas en el extranjero y con una buena imagen en los EE.UU. En vísperas del siglo XXI y en la era de las comunicaciones instantáneas y del procesamiento de datos a nivel mundial, España tiene capacidad de ser un competidor activo en un mercado global.

Quisiera enfocar mis observaciones en cuatro puntos concretos:

A. ¿Seguirán siendo los EE.UU. una potencia dominante?

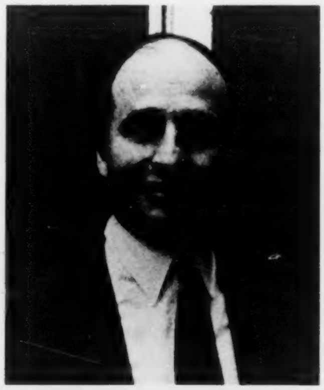
Aunque es muy difícil hacer previsiones en el mundo muy cambiante en el cual vivimos, la base del mercado mundial de mañana se compondrá probablemente de una Europa que llegue hasta los Urales, Estados Unidos y la cuenca del Pacífico. Solo los EE.UU. representan hoy un mercado realmente único y relativamente homogéneo, con casi 150 millones de consumidores con alto poder adquisitivo, una misma moneda y estructuras políticas y económicas bien asentadas. Los problemas fiscales y monetarios de los EE.UU. que se comentan a diario, han producido una erosión de su imagen como superpotencia y han contribuido a que la gente piense que ha llegado el momento de su declive. En realidad los hechos no justifican este pesimismo y basamos nuestra conclusión en un notable artículo publicado en la revista "Foreign Affairs", escrito por el profesor Samuel P. Huntington de la Universidad de Harvard. He aquí algunas de sus principales y sorprendentes conclusiones:

- La parte correspondiente a los Estados Unidos en el PNB mundial se ha mantenido alrededor del 23-24% en los últimos 20 años tras haber supuesto casi el 50% en los primeros años de la postguerra. No hay motivo alguno para suponer que ha de deteriorar de estos niveles.
- En los 10 últimos años, las exportaciones americanas siguen representando casi la cuarta parte de las exportaciones de las 7 principales naciones industriales del mundo.
- En lo que va transcurrido del decenio actual, el crecimiento económico de los EE.UU. ha experimentado una mejoria con respecto al período 1965-80 ya que su tasa de crecimiento en la actualidad le coloca en tercer lugar entre las naciones de mayor desarrollo, habiendo ocupado el décimo quinto puesto cuando Europa y Japón conocieron sus momentos de mayor crecimiento.
- En el supuesto que las previsiones actuales se materialicen, el PNB de los EE.UU. a principios del siglo XXI representará aproximadamente el 29.2% del total de las 15 economías más fuertes del mundo, frente a 31.6% al inicio de este decenio.

Enfocado de esta manera, la relativa situación económica de los EE.UU. no parece tan negativa, sino todo lo contrario.

Según el profesor Huntington, los factores que garantizan el poderío económico de los EE.UU. en el futuro son:

- la estabilidad de sus instituciones políticas y económicas.
- su capacidad interna para innovar y adaptarse a cambios coyunturales.
- su compromiso a la libre competencia.
- su sociedad pluralista y abierta.
- el dinamismo de sus pequeñas empresas que han sido responsable de haber creado casi 20 millones de nuevos puestos de trabajo en el curso de este decenio.



FELIPE PROPPER DE CALLEJON is Associate Managing Director of Wertheim Schroder, a former president of the Chamber and a director of the Spanish Institute. He is also a member of the New York City-Madrid Sister City Committee, vice chairman of the International Committee of the Metropolitan Museum of Art, and a director of the French American Foundation and of INTERFRISA, Internacional Frigoríficos S.A.

- la fuerza decreciente de sus sindicatos.

Estos factores deberían darles a los EE.UU. una gran ventaja en los años venideros y contribuir a que mantenga su situación de potencia *prominente* aunque no *predominante*, citando las palabras de un conocido economista.

En mi opinión, el factor de la actual mejora en la productividad de los Estados Unidos, se debe en parte a inversiones extranjeras que llegaron bajo la forma de maquinarias nuevas y tecnologías avanzadas.

Los Estados Unidos están experimentando una especie de segunda revolución industrial, que gira alrededor de los sectores más tradicionales y cíclicos, y las compañías extranjeras que parten de una posición buena pueden desempeñar un papel clave en este desarrollo. Muchas empresas norteamericanas, aún entre las más grandes, tienen equipos directivos muy arraigados que carecen de una estrategia mundial y que se sienten a sus anchas abasteciendo a un mercado interno enorme y relativamente honogéneo, mejor que exportando. Muchas compañías tienen poca vocación productora y suelen concentrar sus esfuerzos en otros aspectos de la gestión. Les falta énfasis en potenciar la calidad del producto y siguen una estrategia que bascula en torno a los resultados a corto plazo más que en los de largo plazo, con lo cual la investigación no se realiza al ritmo necesario.

Pocos productos norte americanos son fabricados pensando en la exportación, por lo que a menudo, no obtienen la parte del mercado que les corresponde y los directivos tienen la tendencia, equivoca de echarle la culpa a factores tales como el proteccionismo local. Además, la ola actual de reestructuración financiera ha trastornado muchos equipos directivos y ha contribuido a debilitar la relación empresa-cliente. Si bien estos comentarios pueden apartarse ligeramente del foco central de este estudio, los menciono ya que pueden ayudar a que algunos se formen un concepto de lo que podrían contribuir para asegurarse el éxito de su implantación EE.UU.

B. ¿Es éste un momento oportuno para que las empresas españolas inviertan en los Estados Unidos?

Las inversiones directas son por su naturaleza a largo plazo. Deben ser el resultado de una estrategia bien planificada, y en base a un completo análisis de mercado. El mercado norteamericano es enorme y cada vez mas segmentado. Primero, hay que desarrollar al mercado de exportación y, si los resultados lo justifican, emperzar a considerar la posibilidad de fabricar en los Estados Unidos.

> "Por primera vez en más de trescientos años, España está en posición de iniciar inversiones directas en EE.UU."

Las inversiones directas españolas gozan actualmente de una tasa de cambio peseta-dólar extremadamente favorable y del aliento del gobierno español. El costo de terreno y de los bienes de producción es en general menor en los Estados Unidos que en Espana; también lo es el costo energético. El terreno industrial no urbanizado puede costar el equivalente de 8,000 pesetas por metro cuadrado, frente a 15,000 pesetas en España. En cuanto a edificación industrial, la diferencia en los costos de construcción es algo menor. Hay muchas instalaciones industriales venidas a menos que se pueden comprar a buen precio y que, posiblemente, no requieran mucho en cuanto a inversiones adicionales. En la mayoría de los casos gozarán de buena acogida por parte de las autoridades locales, y posiblemente se les ofrecerán ciertos incentivos financieros. La mano de obra es comparativamente barata y es fácil de despedir si no cuenta con sindicatos. Los impuestos federales, estatales y locales, aún si se pagan a tasa completa, son probablemente inferiores a los de España. También lo es el costo del dinero, que hoy vale 10% en EE.UU. frente a los 15% de su costo en España. Las disponibilidades crediticias también trabajarán a su favor en los Estados Unidos.

Por último, comprar una sociedad a un particular o en bolsa, requiere relativamente menos capital que en España. Basta señalar que el índice industrial Dow Jones cotiza en la actualidad a un promedio de once veces sus utilidades estimativas para 1989-90, frente a un PER de aproximadamente 12 veces en bolsa de Madrid. Por algo será que General Electric ha decidido recomprar 10 millones de dólares de sus propias acciones equivalente a 20% de su capitalización burasátil.

En resumidas cuentas, EE.UU. ofrece muchas ventajas al empresario español que llega con una estrategia clara y aconsejado por asesores legales y financieros competentes. Es un dinero bien gastado que a corto plazo asegurará una bienvenida y el éxito de una implantación a largo plazo. En este respecto el papel del "investment bank" puede ser decisivo.

Muchos sectores de la industria americana están en vía de transformación sea por un proceso de reconversión o de reestructuración financiera. Estos cambios ofrecen al inversor español interesantes oportunidades de compra ya que muchas sociedades americanas están desprediéndose de activos fijos industriales.

C. ¿Cuáles son los sectores de la economía americana que ofrecen el mayor interés y las mejores perspectivas a una inversión directa española?

Sectores básicos como el de **la minería, la exploración** y **explotación petrolífera**, donde algunas empresas españolas tienen una larga tradición y han adquirido mucha experiencia, pueden resultar interesantes—ya que son sectores más bien deprimidos dentro de la economía americana.

Otro campo en el cual España tiene pericia y capacidad técnica reconocida es el de la **ingeniería de construccion** y materiales de construcción en general. Por ejemplo: cemento y azulejos. En años futuros, será necesario efectuar inversiones de gran envergadura en la infrastructura de los Estados Unidos con el objeto de reconstruir carreteras, puentes, etc. La inversión anual se espera que pasará de los 40,000 millones de dólares actuales a más de 100,000 millones de dólares, a mediados del decenio de 1990.

Otro sector que ofrece interés potencial en lo relativo a inversiones directas es toda la **industria alimenta-**

(CONTINUED ON PAGE 22)

THE HISPANIC MARKET

National Hispanic Quincentennial Commission Plans Promotion

The Quincentennial offers an opportunity for a national effort to promote knowledge of Hispanic contributions in the United States.

The year 1992 is drawing worldwide attention and anticipation. It signals the excitement of the Summer Olympics in Barcelona, the World Expo in Seville, the Unification of the European Common Market, the U.S. Presidential elections and the 500th anniversary of Christopher Columbus' historic voyage to America.

The thread that weaves these historic events together is the importance of the role that Hispanics have played and will continue to play in these international landmark events.

In the United States, the Hispanic population, now 20 million strong, places this country as the fifth largest Hispanic country in the world. The Hispanic population represents the fastest growing minority group in the country, increasing five times as fast as the non-Hispanic population (34% versus 7%).

The Hispanic presence in this country predates the Pilgrims' settlement in Plymouth and dates back to the sixteenth century. Since then, the positive influence Hispanics have had in U.S. lifestyle is evident through the contributions made in art, music, fashion, agriculture, architecture, language and history.

The upcoming Quincentennial, not only commemorates the 500th anniversary of Columbus' journey to America but also celebrates the "birth" of LA RAZA (the Hispanic people), which resulted from the blend of two cultures. The Quincentennial provides a platform to showcase Hispanic contributions to North America during the past 500 years.

The National Hispanic Quincentennial Commission founded in 1982 has developed a menu of programs and activities to involve communities and corporations throughout the country in observing an already widely-celebrated holiday in Latin America, where it is known as Día de La Raza (Day of the Race or People), or as Día de las Américas. Through these activities, the Commission has created the perfect opportunity to launch an unprecedented national effort to promote knowledge of Hispanic contributions in the U.S. through a comprehensive public relations and marketing campaign.

1st Annual Hispanic Quincentenary Conference

In preparation for the 1992 Commemoration, the National Hispanic Quincentennial Commission (NHQC) is Hosting the First Annual Hispanic Quincentenary Conference. The two-day conference will be held on Friday, July 13, 1990, and Saturday, July 14, 1990, at the Omni Shoreham Hotel in Washington, D.C.

Presentations will be made by the Smithsonian Institution; Library of Congress; U.S. Department of the Interior/National Park Service; Federation of State Humanities Councils; Organization of American States; U.S. Catholic Conference; and the Spain '92 Foundation. The Opening Keynote Presentation, "*1992 Quincentennial: A Hispanic View,*" will be made by Raul Yzaguirre, Chairman, NHQC, and President, National Council of La Raza. The Saturday Luncheon is entitled, "*The Black Legend: Origins of Anti-Hispanic Stereotypes*" and the invited presenter is Dr. Joseph Sanchez, author of the Black Legend article. The Saturday evening Banquet is entitled "Five Centuries of Pride" and the focus will be on various Hispanic culture throughout the ages.

For additional information on this conference, contact Elaine Coronado, Executive Director, at (202) 289-1661. ☐

U.S. Has Fifth Largest Hispanic Population

The following table lists the countries of the world with the largest Spanish-speaking populations. At the present time (1989) Mexico contains the largest population of any Hispanic country, with approximately 83.5 million people. The country with the second largest Spanish-speaking population is Spain, with 39 million, followed by Argentina, at 32 million and Colombia at 30.6 million. The United States has the fifth-largest Hispanic population of any country in the world with an estimated 23.7 million persons. This gives the United States 2.4 million more Hispanics than the next highest ranked country, Peru and 4.9 million more than Venezuela, the seventh-ranked country. The U.S. contains 11.1 million more Hispanics than Chile, The eighth-ranked country and 13.3 million more than Cuba, the ninth-ranked country. Moreover, the U.S. has more Hispanic residents than do the combined populations of the countries of Honduras, Paraguay, Nicaragua, Uruguay, Costa Rica and Panama.

U.S. Hispanic Population versus Other Hispanic Countries (1989)

Country	Population (Millions)	Rank
Mexico	83.5	1
Spain	39.0	2
Argentina	32.0	3
Colombia	30.6	4
United States	**23.7**	**5**
Peru	21.4	6
Venezuela	18.8	7
Chile	12.6	8
Cuba	10.4	9
Ecuador	10.2	10
Guatemala	8.7	11
Dominican Republic	6.9	12
Bolivia	6.9	13
El Salvador	5.4	14
Honduras	4.8	15
Paraguay	4.4	16
Nicaragua	3.6	17
Puerto Rico	3.4	18
Uruguay	3.0	19
Costa Rica	2.9	20
Panama	2.3	21

Source: Population Reference Bureau, U.S. Buruea of the Census

Courtesy of *1989 U.S. Hispanic Market*, published by Strategic Research Corp.

SALUTE TO VELAZQUEZ.

Metropolitan Museum of Art – 89, 3rd, Oct. to 90, 7th, Jan.

The Count-Duke of Olivares is just one of the thirty seven Velázquez masterpieces on exhibition at the Metropolitan in New York.

Banco Hispano Americano of Spain, one of the most solid financial institutions in Europe with branches throughout the world, is sponsoring the presence of these works of the acknowledged "Painters' Painter."

As owner of one of Spain's outstanding Art Collections, Banco Hispano Americano is proud to be once more associated with such an important international art occasion.

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INVERSIONES ESPANOLAS DIRECTAS EN EE.UU.

(CONTINUED FROM PAGE 19)

ria, a partir de la producción de la materia prima hasta su procesamiento. Los alimentos denominados "étnicos" o "gourmet" son muy populares en los Estados Unidos y el creciente número de personas de ascendencia hispánica ha contribuido al éxito de ciertas empresas americanas, tales como Goya Foods.

El campo de las **empresas editoras**, de libros y revistas, es otro en que puede haber atractivo para la inversión española y no ha de limitarse al mercado hispanoparlante.

El vasto campo de la **maquinaria** podría también ser de interés; los equipos industriales son sectores en que las empresas españolas gozan de prestigio en cuanto a calidad. Este campo se presta a transferencia de tecnología y una fábrica en los Estados Unidos podría ser una base vantajosa para enviar productos a America del Sur o Europa.

Tal vez el sector más prometedor el el de **servicios financieros,** es decir— la banca comercial; compañías de seguros y sociedades que se dedican a captar y administrar el ahorro nacional. En la actualidad es posible comprar bancos regionales en muy buenas condiciones y el momento me parece muy oportuno ya que la legislación bancaria americana ha de favorecer en los próximos años una importante consolidación en este sector. La aparición de una nueva legislación española en referencia a fondos de jubilación contribuirá en los próximos años a un enorme desarrollo de compañías dedicadas a captar ahorros. El invertir en sociedades de este tipo ofrece la doble ventaja de participar en el crecimiento del ahorro americano y de conseguir el "know how" para llevar a cabo el "marketing" de productos financieros diseñados para el mercado nacional.

D. Características que han de reunir las empresas españolas si han de realizar una inversión con éxito en los EE.UU.

Dado que la empresa española típica tiene menos de 70 empleados, tendrá que haber un necesario proceso de fusión para constituir unidades de producción mayores y más competitivas, antes de que se pueda entrar a considerar una inversión directa en el extranjero. Muy probablemente, el primer paso debería ser dentro del ámbito de la CEE, el principal mercado de España.

Para asegurar que una inversión directa en los EE.UU. sea en distribución o en producción, tenga éxito exige un compromiso total en Personal y Tesorería que sólo unas cuantas empresas están dispuestas o son capaces de afrontar.

Me parece que la empresa más adecuada debiera de reunir muchas de las características siguientes:

- Ser productor eficiente de un producto con valor añadido o ser "líder" en su mercado con marcas reconocidas si se trata de una sociedad que vende al consumidor.
- Ser conocedora de los mercados de exportación y tener posibilidades de entrar en el mercado americano.
- Tener buenos controles contables computarizados que permitan una supervisión efectiva de costos.
- Tener personal calificado dispuesto a pasar varios años en el extranjero para garantizar un comienzo adecuado de la empresa; primero distribución y después producción.
- Tener gran liquidez y estar dispuesto a frontar el compromiso a medio plazo, y sufragar los costos del inicio, que generalmente son superiores a lo presupuestado.

La conveniencia o no de tener un socio estadounidense que comparta el peso financiero de una inversión es un asunto que dejo para otra ocasión.

Para finalizar, España es un país europeo con destino americano. Al mismo tiempo que España pone énfasis en sus inversiones en Europa, hay que considerar las enormes recompensas, en potencia, que encierra el mercado americano. Puede ser que España haya actuado con lentitud en hacer inversiones extranjeras directas, pero pienso que sus industriales están hoy en una posición excelente para ser competidores activos a nivel mundial y espero que esta ponencia de hoy hará de punto de arranque. □

U.S. BUSINESS FOR SPANISH COMPANIES

(CONTINUED FROM PAGE 15)

. . . direct investment or marketing? Within direct investment, should it be acquisition, joint venture or plant startup? If it is marketing, should the approach be a sales subsidiary, importers/distributors or licensing?

- What are the alternative products or marketing strategies we might employ?

Solid answers to these questions and others should result from a comprehensive preparatory groundwork and research. This will be the basis for a strategic plan, outlining the possible options, with their pros and cons and resource requirements.

These crucial considerations should be weighed carefully with the help of U.S. expert assistance early in the process to ensure that all realistic options and parameters are considered. Alternatively, a "second opinion" should be sought prior to implementation. The overview should be subject to serious debate and critique since success hinges greatly on this phase.

In recent years countless investment and marketing blunders have been made by foreign companies in their desire to tap markets outside their home areas. Typically, they adopt a piecemeal approach, jump start the preparatory process, misallocate resources and operate without an effective strategy.

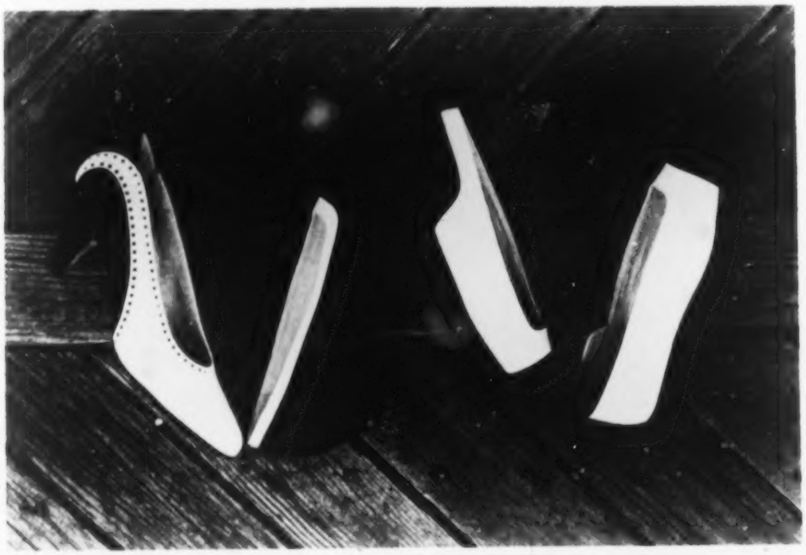
Successful and profitable operations are accordingly the result of meeting the product, marketing, distribution, investment and people requirements of these individual market segments.

It is significant that many Japanese firms have been successful in the U.S. while a number of European firms have fallen short of their objectives. Our analysis reveals that the most important factors in the Japanese success is their exacting market and business research, and the quality of the people assigned to their U.S. project.

The opportunities are numerous. It is the ability to identify, evaluate, and exploit them which make the difference between success and failure. The eventual result depends on the quality of the human resources utilized. To close, we would like to offer this French maxim: "There are no invincible fortresses; there are only those which are inadequately attacked." □

Shoes from Spain Spring 1990

"Shoes from Spain have gone beyond being just another fashion accessory—they are a fashion necessity..."



Spring 1990 gets dramatic with brilliant black and white spectator shoes from Spain. Above from Josephine: The classic high-heel pump and three modern options on lower heels.

Spain—the hottest country on the map—is experiencing a resurgence of creativity in all areas of fashion and design—especially in footwear. For Spring 1990, Spanish footwear designers have taken an innovative approach, creating each shoe as if it were a work of art. Each pair is a stunning combination of style and quality. Shoes from Spain have gone beyond being just another fashion accessory—they are a fashion necessity for Spain 1990.

Footwear designers and manufacturers from Spain such as Castaner, Miss Diva, Roberto Gil, Paco Gil, Pura López, Mila, Zalo Pedroso, R.A.S. and Martínez Valero are looking at spring with fired-up imaginations. A feeling of drama is evident in a clean-lined design approach packed with strong color, innovative use of fabrics and rich and whimsical trims.

The shoe silhouettes for Spring 1990 are long and lean. Narrow elongated shapes come to a point and more often than not are backless and daring. The key word is: streamlined! Shapes are simple and sexy. Heels are high on classic pumps but the trend is toward fashion-forward flats and feminine low heels. All complement the short skirts and slouchy chic pantsuits from the spring ready-to-wear collections. Whether flat, low, high, Louis, squared, pointed, spiked or wedged . . . heels are glamorous, creating a feeling of elegance. More shapes to look for from Spain:

- Low vamps
- Sling backs
- Pointed toes
- Mules
- Strappy sandals
- Platforms and wedges
- T-straps
- Open toes

The Spanish footwear designers have a truly distinctive sytle for Spring 1990. Excitement in color and texture can be seen in the following trends:

Golden Adornments—Shoes from Spain have the Midas touch this spring as gold accents turn up on every shape and style imaginable! Glamorous sandals are shown in pure golden straw. Pumps and flats are gilded with beads, bangles, bows, tassels and charms. Leathers and linen are woven with gold, washed with a metallic glow, embroidered with golden cords, and suedes are striped with pure 18 Karat.

Ethnic Folklor—The spice of ethnic flavors blends together beautifully for spring. Watch for rich folkloric inspirations—rick-rack trim, flower appliqués and embroidered ribbons. Espadrilles abound in unique designs and color combinations. Tie-dye, floral prints, crocheted satin, and hand embroidery create an earthy feeling. The news in sandals is folklore-inspired perforations in soft nappa leathers. Colors are strong in primary brights and rich spice tones.

Shimmering Silks and Satins—Spring is ablaze with color in rich and exotic silks—satin duchess, raw Indian silk, embroidered silks and striped satins are all shimmer. Brilliant shades and luxe fabrics are used in the most exciting ways . . . silks are pleated, color blocked, hand painted, embroidered, textured—even woven with pure golden threads!

Nautical/Spectator Looks—Classic spectator pumps are designed in not-so-classic styles and colors for spring. Some are perforated, some not. Heel heights go up or down. Look for perforated wind tipa in neutral shades. Nautical influence is stronger than ever. Anchor shapes, porthole perforations, flags, ropes, and buoys all adorn this season's simplistic shapes in bright primary colors!

Footwear from Spring 1990 is sizzling with innovation and excitement . . . reflective of the creative energy now emerging from Europe's newest fashion capital. □

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NAMES IN THE NEWS

ERNESTO TEJEDOR CHILLIDA, Executive Vice President of ICEX (Instituto Espanol de Comercio Exterior. whose office developed and presented the 4-year plan for the promotion of Spanish exports which has just been approved.

EDGAR S. WOOLARD, JR. is chairman and chief executive officer of E.I. DuPont de Nemours & Co. He joined the company in 1957, and in 1990 sees DuPont's $200 million investment in Spain's Asturias region. Construction is expected to begin in mid-1990. DuPont has plants in Benicarlo and Barcelona, and marketing facilities in Madrid and Barcelona. The company employs 20,000 people in 14 countries in Europe with total sales of over $11 billion in the region.

ANDREAS ANTONIUS MARIA VAN AGT became Head of the Delegation of the Commission of the European Communities to the United States in January. He was formerly Head of the Commission Delegation in Tokyo, a post he assumed in 1987. Between 1977 and 1982 he was Prime Minister of the Netherlands under various coalition cabinets.

EMILIO DE YBARRA was recently appointed Chairman of Banco Bilbao Vizcaya.

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Exchange: NYSE **Symbol BCM**

Fourth Quarter 10/01/89 - 12/31/89

Volume	104,400
High	21¼
Low	20¼
Close as of 9/29/89	20⅝
Close as of 12/29/89	21¼
% Change in Price	3.2%
% Annualized Return	13.5%

In the fourth quarter of 1989 Banco Central paid an interim dividend of $.369 per ADR to holders of record date 11/3/89 and paid on 11/21/89.

Banco Central also announced that in 1989 it had consolidated net income of 67,541 million pesetas, or $617 million, representing a 48% increase over 1988 pretax net income of 45,599 million pesetas, or $417 million. Total revenue for 1989 was 537,845 million pesetas, or $4.91 billion, vs 424,383 million pesetas, or $3.88 billion. All conversions are at a 12/29/89 rate of 109.45 pesetas to $1.00.

On December 22, 1989 it was announced that a French construction firm, Bouygues S.A. had acquired 3.5% of Banco Central's Capital Stock. The investment in Banco Central is part of an agreement between the two firms involving a new joint venture agreement. The joint ventures which remain to be determined will involve various economic sectors within the European Community and internationally. Bouygues chairman Martin Bouygues joined Banco Central's board of directors as a result of this agreement.

The stock performance of Banco Central during the fourth quarter reflects continued confidence in management and their excellent performance. The BCM-ADR's showed an annualized return for the fourth quarter including dividends of 13.5% compared to a return of 5.0% for the Standard & Poors 500.

Banco Central in their continuing effort to increase their worldwide visibility and presence is planning to list

(CONTINUED ON PAGE 70)

Banco Bilbao Vizcaya

Exchange: NYSE **Symbol BBV**

The ADR Program

Average price	$32.90
High	$34.625
Low	$31.50
Open	$34.5
Close	$32.00
Value Average Daily Volume	$1,430,660
Total Volume	957,400 ADSs.

The very strong trend of the Peseta against the US Dollar during last January has permitted BBV's ADSs to perform above the Dow Jones Industrial Average Index. The very low P/E ratio given the preliminary results announcement made by the Bank (Profit before taxes for BBV Group amounted to Pesetas 141,084 Million) imply the best prospects for our stock.

Preliminary Results

Consolidated Pre-tax Profit of Banco Bilbao Vizcaya Group for the year ended December 31, 1989 was Ptas 141,084 million, an increase of 15.5 % compared with previous year. Parent Bank Pre-tax Profit was Ptas 94,449 million, an increase of 20.1% on 1988. These results represent a higher level of income from ordinary banking and financial business and a reduction in income from gains on asset disposals.

Group Total Assets at the year end showed an increase of 13.4% to ptas 7.7 trillion. Advances totalled Ptas 3.6 trillion and Customer Deposits were Ptas 5 trillon.

During the year BBV maintained its overall market share of retail banking activities principally through a higher level of sales to customers of public debt and other financial instruments.

The Financial Margin (Net Interest Income) for the Group rose 6.1% and for the Parent Bank, 8.7%.

Other Income, which comprises principally gains on asset disposals, was down 33.4% to Ptas 10,903 million compared with Ptas 16,376 million in 1988.

There was a relatively modest increase in operating expenses.

Endesa

Exchange: NYSE **Symbol ELE**

Volume	38,345,100
Average Volume	152,163
High	23⅜
Low	14⅛
Open as of 1/2/89	14¼
Close as of	21

The ENDESA Group reported its preliminary, unaudited, consolidated results for 1989, showing a 16% increase in net income in respect of 1988. Earnings per share were Ptas 275.10 ($2.50 per ADR) versus Ptas 237.20 ($2.20 per ADR) during the previous year. Final audited figures will be published in May.

Main operating factors for this increase were the higher demand for electricity in Spain, that went up by 5.1%, coupled with low hydro availability that resulted in a more intensive utilization of ENDESA's coal-fired plants.

Financial expenses, however, increased by 2% in spite of a debt reduction of Ptas 69.8 billion ($636.0 million) for the year, or 9.1% of total outstanding debt at the beginning of 1989. The major factor in this increase was the high level of interest rates in the domestic market.

Capital expenditures were Ptas 76.6 billion ($698.7 million), approximately 8% lower than the year before.

On December 14, the payment of an interim dividend of Ptas 48.75 per share was announced. The final dividend for the year will be declared at the Annual General Stockholders Meeting which is due on May 24. ☐

The lower rate of growth in the Financial Margin and the smaller contribution from other income was more than offset by a 21.4% reduction in total net provisions. This reduction reflects higher allocations in previous years for a specific and general provisions, domestic and country risks and pensions.

The resulting profits show the Re-

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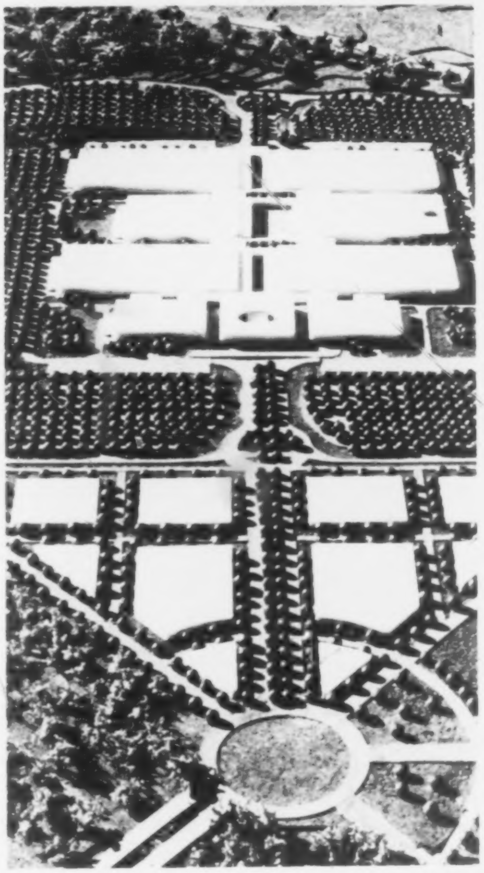


IFEMA's new Madrid fairgrounds are part of a large suburban plot of 1,660 square miles, where green zones and service facilities of the highest quality are planned.

The Madrid Trade Fair Organization (IFEMA) Expands

"In its new home, IFEMA will have three times more exhibition space than it currently possesses—38.6 square miles distributed in eight pavilions."

Madrid has been a commercial center throughout its history. Since Phillip II made it the capital of the Spanish empire in 1562, the city has served as a hub of political and economic activity. Farmers, merchants, stockbreeders and craftsmen were drawn to this crossroads at the nation's geographic center. All brought the best that they had to offer, knowing that the depth and breadth of the city's markets would help their businesses to grow and prosper. From the beginning the city welcomed visitors and tradesmen with open arms, a characteristic that has endured through the centuries.

Today's Madrid still possesses this welcoming quality. But now there is also an important difference—a key addition in the arena of trade—which is boosting the city's role as a place for serious business people to come together. While the lively spirit that has packed open markets and backstreets for decades remains, an organization has emerged to help take the city into the 21st century: IFEMA (The Madrid Trade Fair Organization), founded in 1979 by four local organizations—the City Council, the Chamber of Commerce and Industry, the Regional Council, and the Caja de Ahorros savings bank. They joined together to fill what they saw as a glaring void in Madrid's economic fabric. IFEMA is a non-profit society, and therefore any economic benefits would be invested in its own performance and improvement. With Spain's economic growth accelerating (in 1989 the real increase of GDP was over 5%, one of the highest among the countries in its orbit), little was being done to capitalize on the town's tradition as an economic crossroads. If some group could help to show businesses and consumers just how important Madrid could be to them, the results, it was felt, could be spectacular.

What has occurred since 1979 has exceeded even the wildest expectations. In its first year of operation, 1980 IFEMA sponsored 15 trade fairs. The City Council and the Chamber of Commerce each donated exhibition space, at the Casa de Campo and the Paseo de la Castallana respectively, to help the organization on its way. Despite the fact that the effort had just started and that the usable exhibition space was only one third of what is available today, 2,000 merchants still chose to show their goods at IFEMA-sponsored events. None were disappointed: over one million people attended these fairs, insuring success for the rest of the decade. Growth was rapid and the range of new offerings diverse.

By 1982 the number of fairs had already nearly doubled to 27, and some of the events which are among today's most prestigious and well attended were inaugurated. The first ARCO (International Contemporary Art Fair) and The International Women's Fashion Show Week were both launched in that year, while a second successful FITUR (International Turism Trade Fair) was also staged.

Two years later, in 1984, IFEMA had grown to now offer 92 square miles of total exhibition space. One fair, FITUR, was now as large as the whole Trade Fair Organization had been in 1980; 2,000 merchants participated in this event alone. New offerings were being added to this always expanding panorama: FIDEC (International Sporting Goods Trade Show), LIBER (International

IFEMA's success has exceeded the possibilities of the presently available fairgrounds.

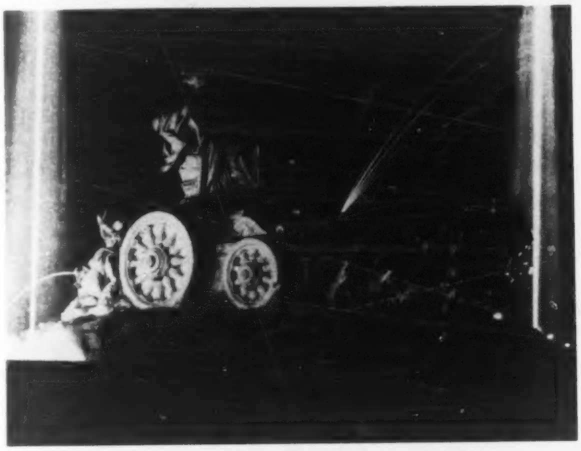
Book Fair), and FLORALIA (Floristry and Garden Centers Trade Show) were started in 1983, increasing the participation of exhibitors by 64% over the previous year.

Moving ahead to the present, IFEMA's success is almost too great to be believed. For the second straight year its fairs have drawn over 2,500,000 participants, and by now the number of events has grown to 37. At the end of its first ten years IFEMA has achieved completed success. With the celebration of the new decade IFEMA will close an era and start a new one. More challenges to be undertaken!

From the economic point of view, just in the last year the net income of the Madrid Trade Fair Organization has reached 3 billion pesetas, and real revenue has reached tens of billions through the sales made by the exhibitors at IFEMA's Trade Fairs. IFEMA's success has exceeded the possibilities of the presently available fair grounds, which are now too small and obsolete. Madrid needs an exhibition center capable of responding adequately to demands for the highest standards, and the Madrid Trade Fair Organization is going to provide the town with such a center. It is the start of IFEMA's new era . . . The new fairgrounds the FERIAL DE MADRID, will offer an exhibition facility ranking with the world's leading exhibition centers. With a total exhibition area of 38.6 square miles, the Ferial de Madrid will be comparable in size with the most modern exhibition centers in Europe—Dusseldorf (50.9 square miles); Paris-Nord (44.7); Birmingham (40.5); and Lyons (31.6 square miles). The organization will be transferred to the new FERIAL in the beginning of 1991. According to IFEMA, its activity will grow between 40% and 50% during the first year at the new fair grounds. Three important criteria combine to make this an ideal location for an exhibition center—its setting in a major capital city, excellent accessibility, and the availability of services of the highest quality in the immediate vicinity.

The new Madrid fair grown forms part of a large suburban plot (1,660 square miles) where green zones and service facilities of the highest quality are being planned: a convention center, two hotels, a wide range of sporting and leisure installations and an international business center; gardens, wooded areas, pavilions for cultural activities, an auditorium, a cultural center, libraries and sporting facilities including swimming pools, a golf-course and many running paths. Through new access highways, the FERIAL DE MADRID will be connected to the main centers in the town. It will also be possible to reach the fairground by the high-technology trains that will link the capital city to the airport. The new FERIAL DE MADRID will incorporate the following characteristics:

- Availability of space easily adapted to the varying nature of the exhibition.
- Maximum simplification of construction and dismantling.



At the Cibeles fountain in central Madrid, a goddess witnesses the increasingly fast pace of change in the capital city.

- Separate facilities as required for exhibitors and visitors.
- Clear sign posting to enable visitors to find their location and destination within the pavilions without difficulty.

In its new home, IFEMA will have three times more exhibition space than it currently possesses: 38.6 square miles distributed in eight pavilions of different sizes that can be used together or separatedly according to the characteristics of each trade fair. The six largest pavilions (Four of 6.2 square miles and two of 4.1 square miles) were designed by the renowned Jeronimo Junquera and Pérez Pita. The buildings have enormous doors and 39- and 52-foot-high ceilings, enabling articles of any shape and size to enter and be exhibited—from jewels to buses, flower pots, rotary presses, sculptures or light planes. The two smallest pavilions (2 square miles), designed by the prestigious architect Javier Sainz de Oiza, boast the same technical facilities as the others: All the possible stand sites are provided with complete technical services ranging from the most elementary (water, electricity and power, drainage, and compressed air) to the most modern and sophisticated systems of voice, data and image transmission (telephone, telex, telefax, videotext, high-speed transmission systems etc.). The new fairgrounds will also have eight restaurants (10,500 meals a day can be served), reception services, media facilities, medical control, etc., and an "exhibitors club"—a place to rest, pass the time or enjoy sports. There will also be three auditoriums (one for 600 people, and two for 200 each), seminar rooms, offices, pressrooms, etc. These installations will be available for congresses and conventions among professionals of the various sectors related to the trade fairs.

Exhibition activity is becoming increasingly important as an instrument of commercial policy. It promotes

(CONTINUED ON PAGE 32)

Reforming the Spanish Stock Market (I)

"The law entails a thorough reform, improving the structure and the operating system, as well as the smoothness of settlement procedures and liquidity."

By Francisco J. de Lera

1.1 Overview and Current Structure

The Spanish Stock Market has experienced during 1989 the deepest restructuring in its one-and-a-half century history. The main noticeable fact has been the smoothness with which this transaction has taken place.

On July 29, 1989 the new model of the Spanish Stock Market became effective: the Spanish Securities Market Act.

Following other foreign stock market's advances and the inevitable globalization that will occur, the law entails a thorough reform of the Spanish stock markets, improving the structure and the operating system, as well as the smoothness of settlement procedures and liquidity.

1.2 The Spanish Stock Markets Before the Reform: A Brief Outlook

There are four stock exchanges in Spain, located in Madrid, Barcelona, Bilbao and Valencia, the Madrid Stock Exchange being the most important by far.

Traditionally the Spanish stock exchanges were public establishments, each with a main body ("Junta Sindical") made up of private individuals known as "Agentes de Cambio y Bolsa". Their function was to guarantee the legal and economic safety of transactions. All transactions had to be carried out through an individual stockbroker, the "Agente de Cambio y Bolsa".

The "open outcry" system of Western Europe was also used in Spain. Transactions took place, and still do in some cases, by sectors in pits, in dealing periods of 10 minutes each (called "*corros*") during which prices were established reflecting the market position. Share prices might fluctuate a maximum of 20% in any one day.

1.3 The Reform: Main Novelties

The stock market reform contemplates two different aspects: a technical reform, based on the implementation of new trading and settlement systems, and an institutional reform.

The main novelties derived from this law are the following:

From An Institutional Point Of View:

- Creation of the "*Comisión Nacional del Mercado de Valores*" (CNMV), the National Securities Market Commission, as a public entity that supervises and controls the correct development of the Spanish stock markets and the activity of all its participants. The CNMV is also in charge of authorizing all new issues.
- The Spanish stock exchanges are now administrated by limited companies, called "*Sociedades Rectoras*". Each of these self-regulatory bodies is responsible for internal organization and operation, owning the necessary means to carry out such functions. The shareholders of the "Sociedades Rectoras" are the members of the respective stock exchanges. The "Sociedades Rectoras" are in charge of almost the same functions that formerly corresponded to the "Juntas Sindicales" and will constitute the called "Sociedad de Bolsas", which will manage and organize the stock exchange dealings through the continuous market. Its capital will be shared by the four "Sociedades Rectoras" in equal proportions.
- The figure of the individual stockbroker has disappeared. On July 29th, the 83 Madrid "Agentes de Cambio y Bolsa" were replaced by 51 corporate members: 34 "Sociedades de Valores y Bolsa" (brokers-dealers) and 17 "Agencias de Valores y Bolsa" (agency brokers).

The main difference between them is that the "Sociedades" can operate on their own account while the "Agencias" can only deal on behalf of third parties. Therefore the capital requirement is much higher in the case of the "Sociedades"—Pts 750 million, compared to Pts 150 million in the case of the "Agencias".

To participate in stock exchange dealings, both of them have to be members of at least one stock exchange, which is achieved by becoming a shareholder in the correspondent "Sociedad Rectora". If they are not members of the exchange, they will need to deal through another authorized intermediary.

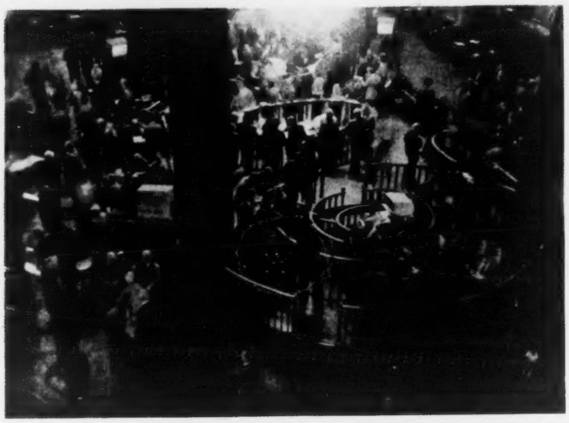
Brokerage fees will be deregulated by 1-1-1992. Until then commissions will be fixed by the government.

Technical Reform: New Trading and Settlement Systems

The technical reform consists in a new trading and settlement systems.

FRANCISCO DE LERA is Senior Vice President of BSN Sociedad de Valores y Bolsa, the stock brokerage and dealing arm of the Santander Group. Created in 1985 as Banco Santander de Negocios, it took the lead in providing both investment banking and securities services to foreign institutional investors.

Francisco de Lera is in charge of BSN/SVB's institutional sales and trading. Prior to joining Banco Santander in 1985, Sr. de Lera ran the Treasury Marketing Unit at Citibank, NA in Madrid. He graduated as a civil engineer from Madrid Polytechnic University, and holds an MBA from the IE, Madrid, where he now lectures in international finance. He has also studied international strategy at the School of Business, London University.



The Barcelona Stock Exchange is second in size to Madrid's.

The current dealing system in the "corros" in which operations are matched verbally is substituted by the so-called "*sistema de interconexión bursatil*" (continuous market), integrated by a data processing network and owned and run by the "Sociedad de Bolsas".

The system which is being used is the CATS model (Computer Assisted Trading System), based on the Toronto Stock Exchange system, which is also used in Paris. The CATS displays firm prices and executes the transactions electronically, registering at the same time the details of each operation. Instantly it sends printed confirmations of the transactions to both the buyer and seller and keeps one record for clearing purposes.

Dealing through the continuous market started on April 24th, and after graudal incorporations, the number of companies quoted through this system was 51 at the end of the year, representing more than 50% of the total turnover. The current figure is 55.

The banks will follow suit in the coming weeks. Banco Santander has been the first bank which has asked to be transferred to the CATS system.

The continuous market operates every day from 10 a.m. to 5 p.m. During the first hour the opening price is fixed. Orders are entered into the system but no dealing takes place. This period is called "pre-opening" and prices may move up or down up to a limit of 5% on the previous day's closing. To have an opening price, at least 20% of the proposed deals must be matched. If this is not possible, there is a delay of one hour until 12.00h, in which the price is allowed to move an extra 5%.

The "open session" lasts from 11 a.m. to 5 p.m. The participants show firm prices and amounts, and transactions are matched electronically. The maximum price movement allowed during one day is 20%.

After the market has closed, transactions can be done between 5 p.m. and 8 p.m., but only at the closing price and for share amounts worth at least pts 50 million (approxUS$ 450,000), or alternatively 20% or more of the average daily trading of the stock during the last quarter. Information about the transactions must be sent before the market opens the following day.

Finally, the other key point in the reform:

The New Settlement and Compensation Systems.

To handle this, a company called "*Servicio de liquidación y compensación*" will be created, its members being the deposit-holder entities.

The objective of this new model is to achieve settlements in five days and reduce this period to three days by 1992.

This system, will be based on book entries which will be substituted for the physical shares, and will be implemented through a computer network, connected to the four stock exchanges.

This system establishes a mechanism which guarantees payment against delivery. In case of non-fulfilment by the seller, the "Servicio de liquidación y compensación" will borrow from the market the necessary amount of shares to complete the delivery. On the other hand, it will raise loans to buyers to fulfill the payment.

Currently, and until this new company is operative, the "Sociedades Rectoras"—each market's self-regulatory body—look after settlements. For bearer shares, which are the more common ones, all trades done during the week are settled on the next Friday.

Margin transactions have been suspended since July 29th following the extinction of the Juntas Sindicals, which played a key role in such operations. "Sociedades" and "Agencias de Valores y Bolsa" will be substituted for them in the future, arranging loans of cash or stocks to their clients.

2. The Size of The Market

The Madrid Stock Market capitalization has grown dramatically over the last few years. Market capitalization of shares has increased from US$ 15.59 billion as of year end 1983 to US$ 118.90 billion by the end of 1989. This sevenfold increase between 1983 and 1989 can be explained by the following factors:

- First, the increase in share price levels over this period. We have to consider that before 1985 the Spanish equity market was very underresearched and therefore it was unknown to overseas investors and did not arouse much interest among domestic investors. In this context, the Spanish market was very illiquid and valuations were low.
- Second, the increased use of equity financing by companies quoted on the stock exchange between 1985 and 1989.
- Third, the flotation of companies on the stock market over the last three years. From a figure of 311 companies in 1986, currently there are 408 companies quoted in the Madrid Stock Exchange. 1989 has proven to be a very good year in terms of flotations.

A total of 60 companies—26 of which are industrial firms while the remaining 34 are financial companies—have been listed in the MSE during 1989. This figure is above 1988's in absolute terms but the number of industrial companies listed is similar. The increase in financial companies reflects an increasing professionalization of investments. The star listing was that of Repsol, which alone accounted for more than the total of the rest of the

(CONTINUED ON PAGE 32)

SPANISH STOCK EXCHANGE

(CONTINUED FROM PAGE 31)

listings in that year. On the other hand, 12 companies have been delisted during 1989.

In spite of the increase in market capitalization over the last few years, the Madrid Stock Exchange is still relatively small by international standards. It has a weight of 0.9%. In the Morgan Stanley Capital International World Index and 4.6% in the Morgan Stanley Europe Index, as of November 30th, 1989.

According to Morgan Stanley Capital International figures, with US$ 111.8 billion equity market capitalization by the end of November, the Madrid Stock Exchange is about one seventh of the market capitalization of the U.K., and obviously much less if we compare it to the U.S.A. or Japan.

Having said this, we must say that this relatively small size of the market offers a very high potential for growth. Spain is for instance, the only country in the industrialized world whose GDP has grown faster than its market capitalization over the past ten years.

The market is dominated, in numerical terms, by medium sized companies. In fact, only around 60 out of the top 300 Spanish industrial companies are listed and less than 40% of the 100 largest Spanish industrial companies' turnover are at present represented in the Stock Market.

The top ten companies by market capitalization represent nearly 45% of the total equity market, 25% being concentrated in the top four.

As a result of this, the banking sector has an overwhelming weight of 30.9% in the 1990 Madrid General Index. At the same time, very important sectors of the Spanish economy, such as the chemical sector (which includes oil companies) and the food sector only account for 11.4% and 5.1% respectively of total equity market capitalization.

Furthermore, the hotel and leisure sector, of extreme importance in the Spanish economy, the world leader in tourism with 10% of total world revenues, is not represented in the market at all.

This lack of representation of the industrial and nonfinancial services sectors suggest further room for expansion. In addition, there are three other factors which will enhance the market's growth:

- First, the increasing number of Spanish companies which will access the stock market.
- Second, the recently approved regulation which allows foreign companies to be quoted in the Spanish Stock Exchanges.
- Third, which will be extremely important, is the advent of private pension funds. We expect these to play a key role in both the equity and fixed income markets in the future.

Also the equity market capitalization, as a percentage of GDP is one of the lowest in the world. it also looks low on an historical basis, since market capitalization to GDP in Spain was 23% in 1976 and around 45% in 1974 when the Madrid stock exchange was in real terms at its highest. ☐

(To be continued in our next issue)

IFEMA, THE MADRID TRADE FAIR ORGANIZATION

(CONTINUED FROM PAGE 27)

sales and the knowledge of the latest products, reduces the gap between supply and demand, and contributes to smooth opening markets. Furthermore it is an invaluable support to foreign trade. For these reasons, exhibition activity tends to develop and diversify rapidly, becoming a standard outlet for the dissemination of a new technology, in addition to providing commercial opportunities and the opening of export channels for national products. Madrid is ideally located as a business crossroads, between America, Europe, Africa and Asia. It welcomes business from all over the world.

The IFEMA-sponsored trade fairs have generated thousands of international business transactions and are an open door towards future ones. Japanese, Americans and Europeans have already chosen Madrid as the ideal fair site, and Madrid is ready to offer even more.

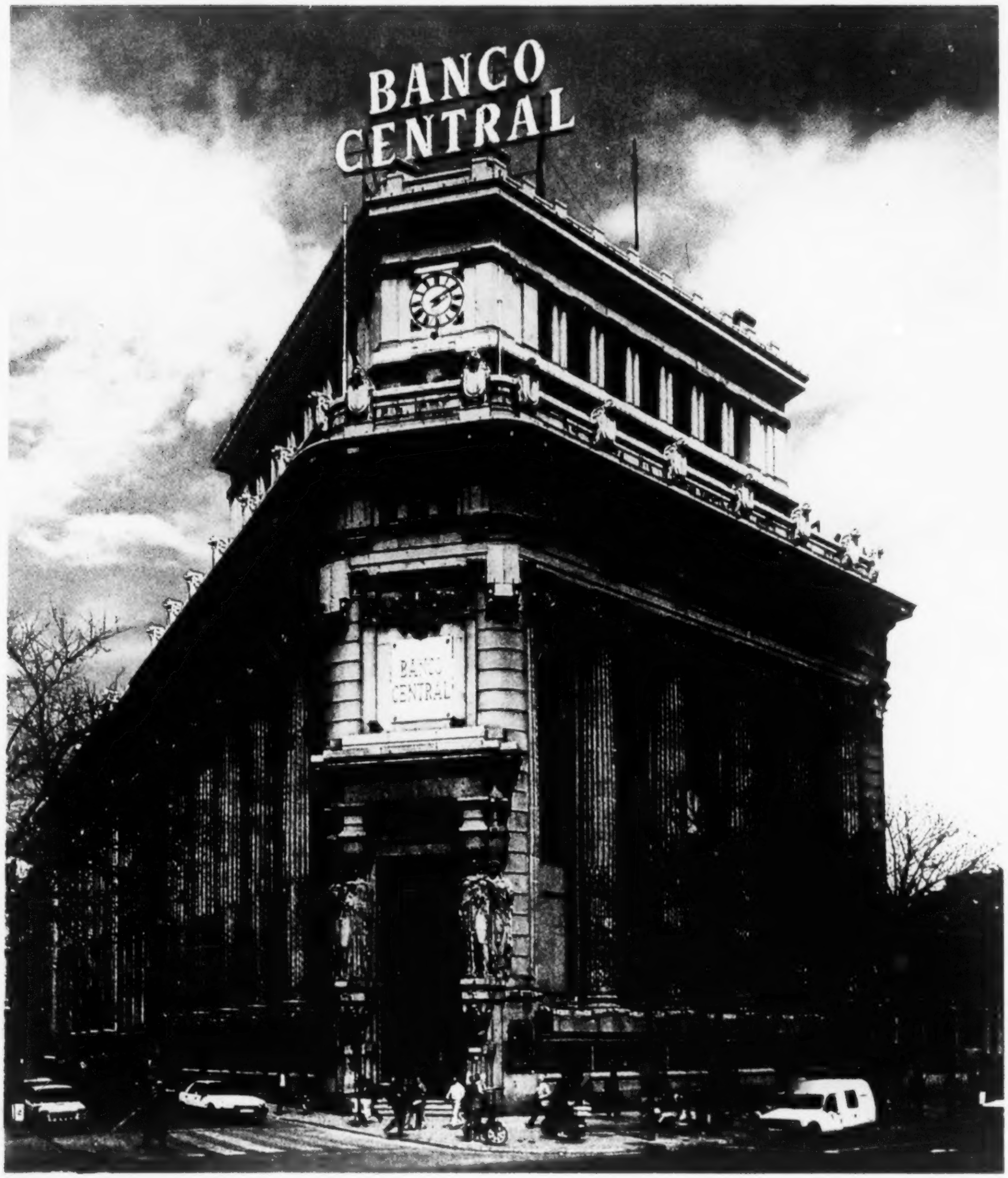
A stand at FITUR, a single fair which is now as large as IFEMA had been in 1980.

In its effort to promote Madrid as an international business center, IFEMA has innitiated this year a campaign devoted to promoting the Fair abroad, mainly in the rest of the EEC member countries and in the United States.

In this context, a special agreement has been reached between IFEMA and the Spain-USA Chamber of Commerce, and a similar agreement has been reached with the Spain-USA Chamber of Commerce in Florida. The Madrid Trade Fair representative will be at the premises of the Chamber in New York promoting the various trade shows that take place in Madrid throughout the year among members and friends of the Chamber, and using the facilities and the information services of the Chamber.

Among the activities that IFEMA and the Chamber have scheduled for 1990, two of the most important are the publication of a newsletter and the organization of several packages for travel to attend some of the most important Trade Shows, which will be coordinated with Hispanidad Holidays, a member of the Chamber. Also scheduled are the presentation in New York of HABITALIA, the real estate products and services trade show, and FITUR, the international tourism trade fair, in cooperation with IBERIA Airlines of Spain.

For more information on IFEMA programs, please contact Ms. Silvia Soto at 212-594-1618. ☐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Beyond 1992: Business in the 21st Century

All of 1508 senior executives surveyed predict greatly intensified competition and technological changes providing major opportunities for their corporations.

By Mercedes A. Mestre

We have all read a lot about 1992 lately, and certainly the upcoming economic unification of Europe is of vital interest to anyone in the business community. But as crucial as it is for corporations to prepare for this major event, they must also plan even further ahead in order to survive.

Korn/Ferry International and Columbia University's Graduate School of Management recently conducted a survey of 1,508 senior executives, 869 of them CEOs, in twenty countries including the United States, Japan, and nations throughout Latin America and Western Europe. Spanish executives comprised 14% of the European group. The eight-page study questionnaire asked respondents to evaluate how the business environment will change between now and the year 2000, and what qualities the future chief executive will need to succeed in this new setting.

Common Themes: Competition, Technology, Diversity

The survey results, published in a 91-page report entitled *Reinventing the CEO*, highlight the increasingly important role of globalization. All of our respondents predict greatly intensified competition of all forms: foreign, domestic, and from outside the company's primary industry. Executives worldwide expect technological changes to provide major opportunities for their corporations, and Spanish respondents were even more emphatic on this point. Fully 95% of them believe that changes in information and communications technology will be very important to their businesses in the future, compared to an overall average of 87%.

Respondents also forecast dramatic diversification: although 52.2% of respondents place their companies in the "one primary industry" category today, only 28.5% believe this will still be true in 2000. In contrast, the percentage of respondents who describe their firms as operating in "several related industries" jumps from 33.1 today to 52.3 in 2000. Spanish executives plan to accomplish such diversification through acquisitions in industries new to the firm and joint ventures, strategies they emphasize more than their counterparts elsewhere.

WHAT GROWTH STRATEGIES WILL CORPORATIONS EMPHASIZE IN THE YEAR 2000?

	%			
	U.S.	Japan	Western Europe	Latin America
Acquisitions in industries new to the firm	14	22	21	21
Acquisitions in industries the firm already participates in	42	18	39	31
Internal development of new businesses	46	75	41	41
Internal development of new products/services in existing businesses	63	55	65	61
Development of new geographic (including international) markets	41	47	46	57
Increased market share in existing products/markets	60	29	47	49
Joint ventures with other firms	28	32	34	33

Respondents who identified factor as very important for the year 2000

Differences in Regional Outlook

Despite these common themes, there were also marked regional contrasts:

- **American** respondents predict much greater political and economic stability for the United States than do executives from other countries. As a possible corollary of their belief in continued economic preeminence, American executives expect lower levels of future foreign competition than do their colleagues elsewhere. They expect their chief concerns in the year 2000 to be government regulation and availability of qualified personnel.

- **Western European** executives are the most internationally minded of the executives we polled, expecting roughly fifty percent of their future revenues to flow from nondomestic markets, and predict significant threats from hostile takeovers and foreign competition. Spanish executives are even more concerned about for-

MERCEDES A. MESTRE a Vice President/Partner of Korn/Ferry International, is a Director of the Spain-U.S. Chamber of Commerce. In 1978, she joined Korn/Ferry International, a major executive search firm, in its International Specialty Group. Ms. Mestre is responsible for senior-level executive searches for U.S. and foreign multinationals. She specializes in assisting a growing number of Spanish and internationally oriented companies who seek her expertise in management consulting.

Prior to joining Korn/Ferry, she worked in advertising in Madrid and New York, in market research and account management.

eign competition than are other European respondents.

- **Japanese** respondents are optimistic about future levels of available capital and personnel, and of all the executives we polled were least likely to perceive government regulation as a future threat. They surpassed all other study respondents, however, in viewing every type of competition as a threat to their businesses in the year 2000, suggesting that they are preparing to become even more formidable competitors tomorrow than they are today.

- **Latin American** respondents, faced with the challenges of developing economies, intend to emphasize productivity while relying on the low-cost labor pool that they identify as a major opportunity for their businesses in the year 2000. Diversification and full use of foreign markets are key elements of their business strategy.

The Future Chief Executive Officer

What characteristics will the chief executive need to function successfully in the year 2000? Despite the regional differences noted above, our respondents presented a virtually unanimous profile of tomorrow's ideal chief executive. Survey respondents expect the ideal CEO of the year 2000 to be a visionary, dynamic leader capable of inspiring loyalty and exceptional effort in a turbulent marketplace. This individual must be a superb communicator and accomplished corporate diplomat with proven ability to handle difficult situations in diverse cultures and business functions. In addition to being even more intelligent and creative then today's chief executive, the CEO of the future will also maintain high ethical standards.

Spanish Emphasis on Human Resources

Spanish executives give especially high marks to the future chief executive's need for expertise in human resource management and foreign languages. Consistent with their emphasis on human resources, Spanish respondents also accord unusual importance to the future chief executive's emphasis on management training and development. And they expect the CEO to make greater use of outside consultants than do respondents elsewhere: while only 29 percent of the overall sample predicts that this will be an important management trait in the year 2000, 52 percent of the Spanish sample does so.

For Spanish executives, then the key to the future appears to be efficient deployment of the human resources necessary to remain competitive in a swiftly changing global marketplace. Spanish companies able to accomplish this challenging task will thrive not only in the new Europe created by the 1992 unification, but into the 21st century. ☐

BANC DE SABADELL

Head Office:
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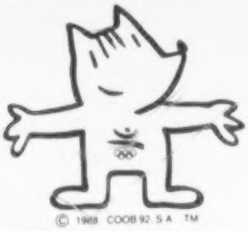

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THE BARCELONA OLYMPICS: BIG BUSINESS!

With record figures for TV rights, plus revenues from licensing of the logo and mascot and from providers, "it is clear that the city and its people can expect this to be an excellent deal."

In organizing the Barcelona Olympic Games of 1992, a major premise was that the organization was not designed to make a profit. No one in Barcelona, however, will deny that in fact the games will be big business. The numerous and in some cases multi-million dollar contracts already signed by the organizing committee guarantee a lucrative venture in which many people are showing interest.

Many will be the beneficiaries of this ambitious but, in comparison to its predecessors, austere project. They include the city itself, which will improve its road and communications network, as well as the inhabitants, who will have the advantage of the sports facilities once they are converted to public use after the Games are over. In another sense, the material benefits will go to the Olympic Organizing Committee of Barcelona ("COOB 92"), which is the galvanizing force of all efforts. COOB 92 is the outgrowth of an idea conceived by the present Minister of Defense, Narciso Serra, when he was head of the Barcelona council. That idea later gained the support of the immense majority of the Catalan and Spanish people.

Television Rights

While the first "Cobi" puppets have already gone on sale, the primary objective of this initial stage of the Olympic adventure has been the negotiation of exclusive contracts with the television firms of the various geographic areas of the world. At this time, COOB has obtained higher money figures than did the previous Olympic committee, that of Seoul. This has already sounded alarms in Lausanne, where the International Olympic Committee has been quick to detect the dangerous escalation of million-dollar figures—dangerous in view of the fact that the Olympic Games of 1992 are not the last. In 1996 the centennial of the birth of the Games in the modern era will be celebrated, and in the 2000 the Games are to take place in the heart of China. Although it is not admitting it, or at least not with the desirable clarity, the International Olympic Committee is very much concerned about the high level of costs that this Spanish city is setting with the television channels.

It is sufficient to compare the results of the present negotiations with those of the last few Olympic Games to see the success that Josep Miguel Abad and COOB have had. American television paid $225 million for the TV rights to the Los Angeles Games. Four years later, in Seoul, agreement was reached at the $302 million level; and now, in Barcelona, NBC has obtained the exclusive rights for approximately 50,000 million pesetas, about $415 million.

COOB has also obtained $90 million from UER for the European rights; that organization paid $19 million in 1984 and $28 million in 1988. The income from the Australia rights is $33.7 million, compared to $10.6 million in 1984 and $7 million in 1988. Canadian rights brought another $16.6 million.

The greatest difficulties came during the negotiations with Japan. The public channel, NHK, and five private stations blocked the dialogue, awaiting the UER offer. Asia appears to be the zone least interested in the event, either because of the short time since the Korea Games or because of a lack of enthusiasm for competitions taking place in what is to them a remote country.

COOB has concentrated on a target of $600 million for the sale of the TV rights, which represents one half of the organization's total budget. If they succeed in this objective, the negotiations may be said to have been a brilliant success.

The TOP-2

Other sources of financial support for the Games have been set up in such a way that they will not cost the citizen a single dime: The sale of medals and commemorative stamps; the sale of the apartments in the Olympic Village (which will be located near Barcelona's most desirable beaches); lotteries; entry fees for the various competitions. All these are the responsibility of an organization called TOP-2 ("TOP" is an acronym for The Olympic Program; the number 2 refers to the fact that the

(CONTINUED ON PAGE 72)

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SPORT SUMMIT

1000 Sport Event and Facility Executives Hear Presentations on Sport Programming

> "The consensus of presentations very emphatically placed sport television in a global mode."

The date was January 18. The speaker was Terry McGuirk, Vice President of Turner Broadcasting System, and Chief Executive of Turner Sports. The subject was Sports on Television and the Growth of Cable Sports.

And the object of McGuirk's upbeat appraisal of the impact of sports on television was a crowd of over 800 sport events and sport facility executives attending the 1990 International Sport Summit business conference at New York City's Grand Hyatt Hotel.

The consensus of presentations by McGuirk, and other notable executives such as Eurosport's Adrian Metcalfe, COMSAT's Robert Wussler, and the 1990 Barcelona Olympic Organizing committee's Miguel Botella, very emphatically placed sport television in a global mode.

"Today, sports are the most consistently watched and heavily sponsored events on television," said McGuirk. "In 1988, for example, in the United States, 19 of the 20 highest viewed programs on cable were sports.

"And, the world's appetite for sports programming seems insatiable . . . [because] sports is live, unrehearsed, and dramatic," he offered.

Miguel Botella, the deputy director-general of planning and administra-

Terence McGrath speaks on Sports and [illegible] the Growth of [illegible]

Exhibitors and participants discuss sports marketing opportunities.

The [illegible]
[illegible]
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[illegible] rights
[illegible]
Olympic Games
has been [illegible]
spectacular

Miquel Botella of COOB '92 presents some startling figures on the sale of television rights to the 1992 Summer Olympic Games in Barcelona.

Adrian Metcalfe, Eurosport's director of programs, says that it will be hard to understand the European market as a single entity.

"Here in America there is now an appreciation that there is real revenue potential in Europe."

With the advent of a common economic base in Europe, the growth of privately-owned television operations on the continent is beginning to accelerate. Sports programming is expected to play a major role in the refashioning of European traditions and tastes in television.

"Companies and advertising agencies," noted Adrian Metcalfe, director of programs for Eurosport, "are just awakening to the fact that Europe will become one solid market in 1992, a continent without frontiers, a Europe without trade barriers.

"In many ways, sports is no different than drama, or sitcoms. In fact, it should be the most easily sold and most transferable product in international television. Here in America, there is now an appreciation that there is real revenue potential in Europe," he pointed out.

Metcalfe cautioned, however, that the European market is difficult to understand as a singular force. "It's probably 30 markets, and probably 50 languages," he said.

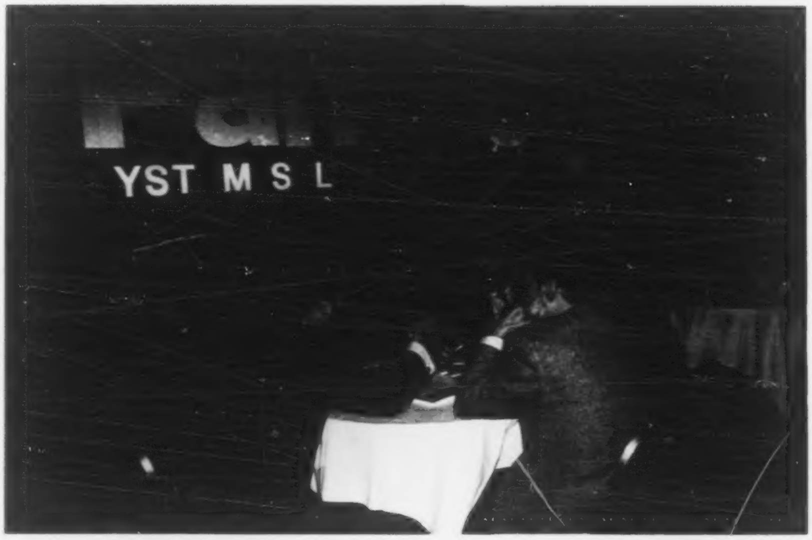
"As yet, the advertising community has not understood whether it is possible to sell to a huge market like Europe in one hit. So much of the marketing in Europe is highly regionalized, and the budgets are retained quite fiercely in France, in Germany, in Spain, in Greece.

"It is an interesting exercise to persuade companies that there is a trans-European market. We've got a very active new market, a lot of new players and many, many thousands of new programming hours to fill."

Eurosport, which Metcalfe joined a year ago after a long-term stint at London's Channel 4, grew out of the program exchange system in Europe called Eurovision. "Just 13 days after joining Eurosport, we launched a 12-hour day service which is the fastest I've ever set up any television channel. Immediately, we were on two satellites with a footprint across the whole of Europe, reaching 12 million homes." Eurosport's reach is now up to 20 million homes.

Sergio Gil, chief of sport in Barcelona for RTVE—National Radio and Television of Spain—echoed Metcalfe's painting of the television explosion picture.

RTVE engineered its first golf tournament transmission in 1980, he noted. "Now, less than 10 years later, we are showing 21 major tournaments from Europe and the United States, and we are producing eight tournaments in Spain.



In intense discussion is Sergio Gil, of RTVE—National Radio and Television of Spain, who notes that less than ten years after his network's first golf tournament transmission, 21 major world tournaments are now carried plus eight produced in Spain.

Bob Wussler of COMSAT Video Enterprises emphasizes that sports are now genuinely global and that major sports will be followed all over the world.

> "The simple, inevitable reality is that sports have truly become global... local teams have developed international following."

"Two months ago, we covered the World Cup, all 18 holes, with 34 cameras—something unthinkable a few years ago."

Bob Wussler, who took over as President of COMSAT Video Enterprises, Inc. in 1989, after a 21-year career at CBS Television and nine years as Senior Executive Vice President for Turner Broadcasting, is easily acknowledged as a pioneer contributor to electronic journalism. He was largely responsible for the expansion of satellite usage in news coverage (1962) and the development of the mini-cam as a production tool (1963).

"The simple, inevitable reality," he told the Sport Summit audience, "is that sports have truly become global . . . local teams have developed international followings and it's not just a case of American teams catching on in Europe. World Cup broadcasts to the United States have developed a following here that soccer never had before.

"Television, until now, has been a case of the dictatorship of the masses. But today in broadcasting, in telecasting, as in world affairs, an Iron Curtain is collapsing and people are walking free.

"We are entering the age of choice," Wussler continued. "The major sports will continue to gain major followings all over the world.

"With technology bringing down the costs, all of a sudden, broadcasts to small, enthusiastic audiences around the world have begun to make sense."

The International Sport Summit meeting was the 12th in a series of sport business conferences and exhibits produced and managed by deHellerman and Company, Inc., since 1973, when the inaugural event was held at the Japan Society in New York City.

Since then, the Sport Summit, the longest running conference of its kind and the largest gathering place for sport business executives, has included London, Seoul, Rome, Monte Carlo, and Beverly Hills, in addition to New York, among its stops.

The 1991 International Sport Summit is scheduled for Beverly Hills, California, from February 26 through 28.

"The conference program is designed to present very expensive research at low cost and in interesting form," said Sport Summit President Monica deHellerman. "The exposition is more individualized and allows one-on-one meetings between exhibitors and high level contacts in the sport event, sport management, and sport facility areas." ☐

Josep Pons, Regional Director of the Barcelona Development Agency, studies the marketing approaches of Sports Summit participants.

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Barcelona's Games Plan: 4 Strategic Olympic Areas

The Montjuic, Diagonal, Vall d'Hebron and Parc de Mar areas are all within a radius of 5 kilometers.

Courtesy of *The Olympian*
U.S. Olympic Committee

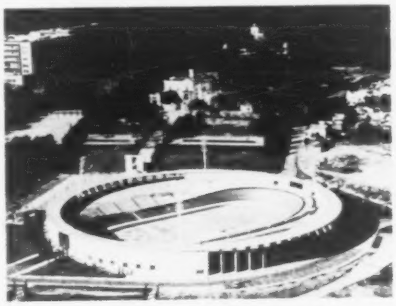
The finish line is almost three years away, but the starting gun was fired back on Oct. 17, 1986, in Lausanne, Switzerland, when IOC President Juan Antonio Samaranch announced the city which would organize the Games of the XXVth Olympiad.

A burst of enthusiasm swept through Barcelona and all of Spain. Thousands of people poured into the streets to celebrate a success that belonged to everyone, and finally honored the city that, since 1924, had been denied three times in its bid to become "Olympic Host City."

Barcelona enjoys 2,500 hours of sunshine per year, with a dry season which lasts from June to September. Barcelona is the capital of a metropolitan area which numbers nearly four million people.

In Barcelona, history stares at the visitor from the walls. Side-by-side with the spacious districts stands the medieval city, with its ancient, twisting streets bustling with life, evoking century upon century of humanity and history. The city offers a great variety of sports facilities Barcelona has also organized world championships: the 1982 World Soccer Cup; the 1984 World Cycling Championships; the 1985 World Fencing Championships; the 1986 World Basketball Championships; and most recently the 1989 World Athletics Cup.

The Barcelona Games plan entails a system of four Olympic areas at strategic points in the city. These areas are near motorways and ringroads and are all within a total area with a radius of five kilometers.



The Municipal Velodome in the Vall d'Hebron Area was built in 1984 for the World Cycling Championships (and with an eye towards the 1992 Games).

The Montjuic Olympic Area will be the nerve center of the '92 Barcelona Olympic Games. The Olympic Ring, a complex of sports facilities consisting of the Olympic Stadium, the Sant Jordi Hall, the Picornell Swimming Pools and the Sports University make up a recreational and sports complex surrounded by the great wooded zone of the Parc del Migdia. Next to the Olympic Ring are the Main Press Center and the Radio and Television Center. The Montjuic Olympic Area is completed by various competition venues such as the Metallurgy Hall, the Industrial Spain Pavilion, the Municipal Sports Hall and the Municipal Swimming Pool. Twelve sporting competitions will be held in the Montjuic Olympic Area.

The Diagonal Area features the Barcelona Football (Soccer) Club and the Royal Polo Club. The Barcelona Stadium, which holds 120,000 spectators, was the scene of the opening ceremony of the 1982 World Soccer Cup. This area has numerous high-class hotels which will house a large part of the Olympic Family and it also contains the campus of the University of Barcelor Five sports competitions will be held in the Diagonal Area.

The Vall d'Hebron Area features the Municipal Velodrome, built in 1984 for the World Cycling Championships. The velodrome was the first facility built by the City Council with an eye towards the 1992 Games. Next to the velodrome, a series of sports facilities are under construction. Five sports competitions will be held in the Vall d'Hebron Area.

The Parc de mar Area is where the Olympic Village will be built, the first to be located just a few meters from the sea. It is being designed to meet the needs of 15,000 athletes, coaches and team support staff. Opposite the Olympic Village, the Nova Icaria Yacht Basin , the venue for the yachting competitions, is under construction.

Within the Barcelona Metropolitan Area are other towns which will serve as subsites and host different sports competitions. Terrassa will host the field hockey competition; Badalona will host basketball and shooting; Granollers team handball; Sabadell will be one of the soccer venues; and L'Hospitalet and Viladecans will host baseball and flatwater canoeing. The Lake of Banyoles, famous for its natural beauty and the scene of a large number of international water sports events, will host the rowing competitions.

The Opening and Closing Ceremonies of the 1992 Olympic Games, as well as the men's and women's athletics competitions will be held in the Montjuic Olympic Stadium, the focal point of the Olympic Ring. The stadium was built on the occasion of the 1929 Universal Exhibition in Barcelona, but has been remodeled to meet current technical needs. The 5th World Cup of Athletics was held there from Sept. 8-10, 1989. The Stadium has a seating capacity of 70,000.

The torch, symbol of the harmony and goodwill inspired by the Olympic ideal, will begin its journey to the Montjuic Olympic Stadium (site of the Opening and Closing Ceremonies) at Empuries, the port where Hellenic civilization entered the Iberian Peninsula. The Olympic Flame will be borne through the 17 autonomous communities of Spain. The festive spirit and participation of the Spanish public promise to turn the journey of the Olympic torch into a great festival. □

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Sports Marketing: What It Can Mean for Spain

"The Olympics will educate the world as to what Spain has to offer in sports..."

ROBERT E. HOPE, once named "Promoter of the Decade" by the Atlanta Constitution, has been a promotion and publicity director for the Atlanta Braves, the Atlanta Hawks and The Coca-Cola Company. Today he counsels corporate America on sports marketing and promotion programs.

Mr. Hope, an executive vice president with Burson-Marsteller based in New York, is in charge of the firm's worldwide marketing efforts.

Mr. Hope served as vice president of the Atlanta Braves and Atlanta Hawks (both teams owned by Ted Turner) and then joined Coca-Cola USA, where he managed national sports promotions and events, including the company's involvement in the Olympics.

He has been involved in a variety of major sports programs, including the 1980, 1984 and 1988 Olympics, The World Series, the Major League Baseball All-Star Game, and the NBA All-Star Game.

By Robert E. Hope

Among the many new opportunities that will be knocking on Spain's door in the early 1990s will be attention from promoters who are seeking new frontiers in the burgeoning area of sports marketing.

As business globalizes, sports is expanding its horizons too, and in the 1990s, the globalization of sports will become a reality rather than just a good idea.

The World Cup's arrival in the United States in 1994 may or may not influence Americans to adopt soccer as a major sport, but its presence will definitely impress U.S. corporations, which have been the primary funders of major sports sponsorships in the past, to look beyond the U.S. for sponsorship opportunities. It will be America's first firsthand look into the power team sports played on a worldwide basis.

In fact, U.S. television is already inspiring a look overseas.

The National Football League, the major professional football federation, is sponsoring the efforts to form the World League of American Football, which plans to start play in the spring of 1991 with 12 teams, four of them in Europe. The plan now is to have a team in Spain (likely Barcelona), one in Germany, one in London and one in Italy. These European teams will compete in a series of ten weekly games against the other eight teams, based in North America.

The World League of American Football is an interesting concept for several reasons. First, it is definitely an experiment that will give companies and people of Spain a chance to see what makes American football popular. But from Spain's perspective, its greatest strength will be its capacity to promote the country. The games will be televised each week to the U.S. over ABC Television as well as two cable networks. That is a tremendous amount of exposure for Spain in the U.S.

Whether the game catches on big in Spain or not, the league can still be a success. Its finances are heavily based on TV revenues generated in the U.S., and watching the games when they are played in Europe should have great viewer and advertiser appeal.

Additionally, the National Football League is sending its U.S.-based teams to play three international games this summer in Japan, London and Germany, and it is likely that Spain will be on the list for one of these games next year.

Football is only the first of the American sports that will be moving quickly into Spain. Major League baseball recognized the growing popularity of the sport in Europe and recently formed a company called Major League Baseball International for the purpose of marketing American baseball outside the U.S. The first step will be to increase the amount of baseball that will be shown on television and the sale of team merchandise in stores outside if North America. However, a minor league based in Europe to develop players who can play in the Major Leagues could follow soon, and there has even been talk of possibly playing the Major League All-Star Game in Spain someday in the future as a way to show baseball's commitment to Europe.

Basketball is already growing quickly in Europe and exhibition tours will increase in the future. Speculation in basketball is that there could be National Basketball League teams in both Spain and Italy some day, as the league expands.

Television is a driving force. As Europe opens up more for television, the programming demands will be great and sports is the easiest of all television programming to adapt from country to country. There is no language problem. Only the announcer needs to be changed.

Obviously, the crown jewel for all this sports enthusiasm in Spain will be the Olympics. The Olympics will educate the world as to what Spain has to offer in sports and gives the country the highest level of visibility of any country at a time when sports teams and events are looking for places to expand.

Spain will be on everyone's list.

Football, baseball, basketball, tennis, golf, racing in all forms, even ice hockey . . . all will likely become more and more part of the Spanish scene.

Spain has the Olympics to make it the leader in sports growth, the climate to make it an appealing place to

(CONTINUED ON PAGE 50)

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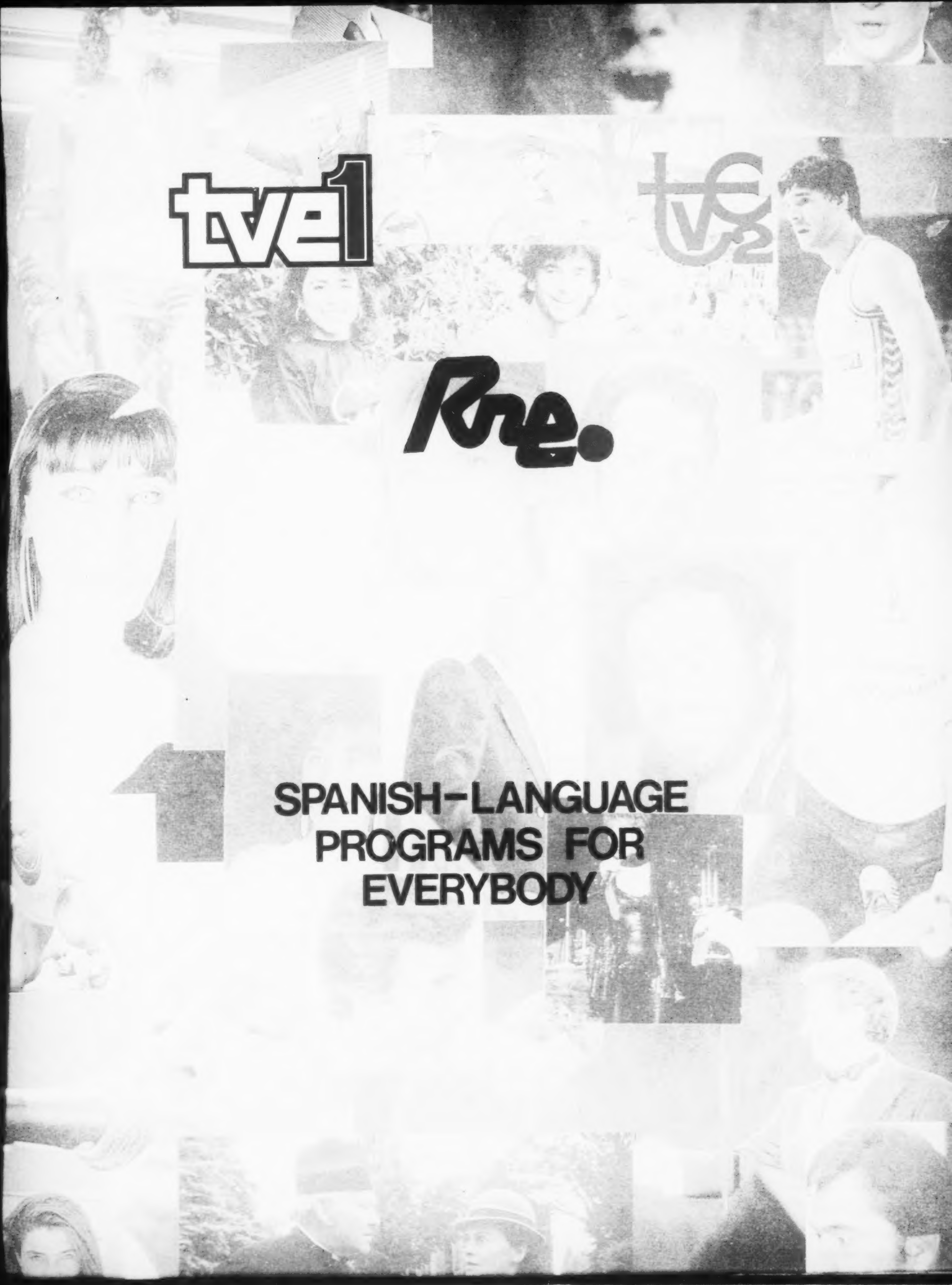

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SPANISH-LANGUAGE PROGRAMS FOR EVERYBODY

Sports Become Global

"With fewer than 300 million North Americans, more than half the Super Bowl's audience will not only be non-Americans but living in countries where football isn't even played."

By Robert J. Wussler

The past is so often an excellent gauge for knowing what the future may hold. To see just how far we've come in sports broadcasting, I recall a day in the fall of 1951 when a group of Chicagoans found their way to New York City for a convention but were more interested in another event—one taking place between Illinois and Ohio State. And the group of Chicagoans who had come to New York for another purpose suddenly found themselves huddled around a window at Macy's trying to make out the faint and flickering play-by-play that was unfolding on a wonder just then coming into popularity—a wonder called television. They were watching the first nationally televised college football game.

The broadcast itself was not the most important thing about that scene. It was the intensity and interest of the crowd huddled around that Macy's window. That crowd embodied a basic truth that has endured in television sports from then until now, and which in my view will always endure. Americans, and I believe people all over the world, care deeply about sports and would go not just an extra mile but to the moon and back to watch telecasts of their teams.

In 1961, as an associate producer at CBS News, I was part of the press corps covering John F. Kennedy's historic first trip to Europe. Each night we packed our film onto planes and sent it winging back to New York. We thought we had reached the ultimate in modern communications—film on the air that had been shot across the ocean just hours earlier.

Then in 1962 the United States launched a satellite called Telstar, and three major U.S. networks bounced a TV signal off of Telstar and broadcast directly to Europe a few moments of pictures from America, including live shots of a Phillies-Cubs game being played in Chicago. Television and sports had already been married in the '50s, and now the impossible had become a reality and what at first seemed a miracle became a commonplace occurence. Look what has happened since that first brief broadcast of satellite technology in 1962, particularly in the world of sports.

In January, one of the great spectacles of world athletics unfolded in the Super Dome in New Orleans—the Super Bowl. More than 500 million people in 60 countries tuned in, a number that might not be impressive these days except for one fact: American football is actually played only in the United States and, with some modifications, in Canada. Nowhere else is it played with the diversity or the intensity with which it is played here in North America. And yet with fewer than 300 million North Americans, more than half of the Super Bowl's audience will not only be non-Americans but living in countries where football isn't even played.

Thanks to satellite television and to the successful marketing of such events, there is an audience for all types of sports the world over.

Basketball is an American game. Yet go to Spain on almost any Friday night in the season and walk into a neighborhood bar in Madrid. You'll hear cheers and applause and on the big screen you'll see basketball—but not just any basketball game. It may not be the University of Madrid against Córdoba College or European pro teams. No, in that bar in Madrid, broadcast over the Spanish state-owned network pulling down a satellite feed from America, you'll see "The NBA Game of the Week."

ROBERT J. WUSSLER is President and Chief Executive Officer of COMSAT Video Enterprises, Inc. Prior to joining COMSAT, Wussler was Senior Vice President of Turner Broadcasting System, Inc. (TBS) in Atlanta.

The simple, inevitable reality is that sports have truly become global through the use of technology and marketing. Local teams have developed international followings and it's not just a case of American teams catching on in Europe. World Cup broadcasts to the United States have developed a following in the United States that soccer never had before.

I've had a first hand look at the growing international audience for sports by helping develop the Goodwill Games through the leadership of Ted Turner. It took millions of dollars, many thousands of hours of work on the part of hundreds of people, and more than 50 trips to Moscow to make it happen. Some said we were crazy to try. No longer. By now, the Goodwill Games have shown such promise that one of the broadcast networks recently approached Turner with an offer to share expenses in return for sharing broadcast rights. To his credit he turned them down.

At each step forward in the broadcast medium over the decades, there have been the critics, the scoffers and naysayers. Despite the skepticism, the future is bright for sports and the opportunities we all have to market our wares. And as visionary as the Goodwill games will turn out to be, they are play and the reputation as the hot economic center for the 1990s, the right place to grow a business venture.

As companies look at Spain as an expanding market, they also will see sports as a way to promote their products. Team and event sponsorships are best in a situation when there are plenty of sports to go around for all the sponsors. Too many sponsors for a single event causes the problem of dilution of value, and Spain will be looked to as the country will ever-increasing sports activity and wide open opportunity for sponsors to participate.

It's an exciting time and will only get more exciting. ☐

SPORTS BECOME GLOBAL

(CONTINUED FROM PAGE 49)

only a step in the growth of the international audience for sports.

Think again of that crowd in front of the Macy's window on that October afternoon almost 40 years ago. But put the same crowd in a private room in a hotel in Chicago. Consider that we're talking about that same setting two or three years from now. Instead of looking at a small box, they are looking at the wall, which is an entire television screen.

Today, if you see a picture on a screen that big, chances are that it is not a whole lot better than that faint, flickering image of the 50s. Television signals just don't have the resolution to be projected well on the large screen. But instead of looking at today's television, this crowd is looking at high-definition, or advanced-definition television and the picture is as sharp as if they were looking at a movie in a big screen theater: 35 millimeter television, I like to call it.

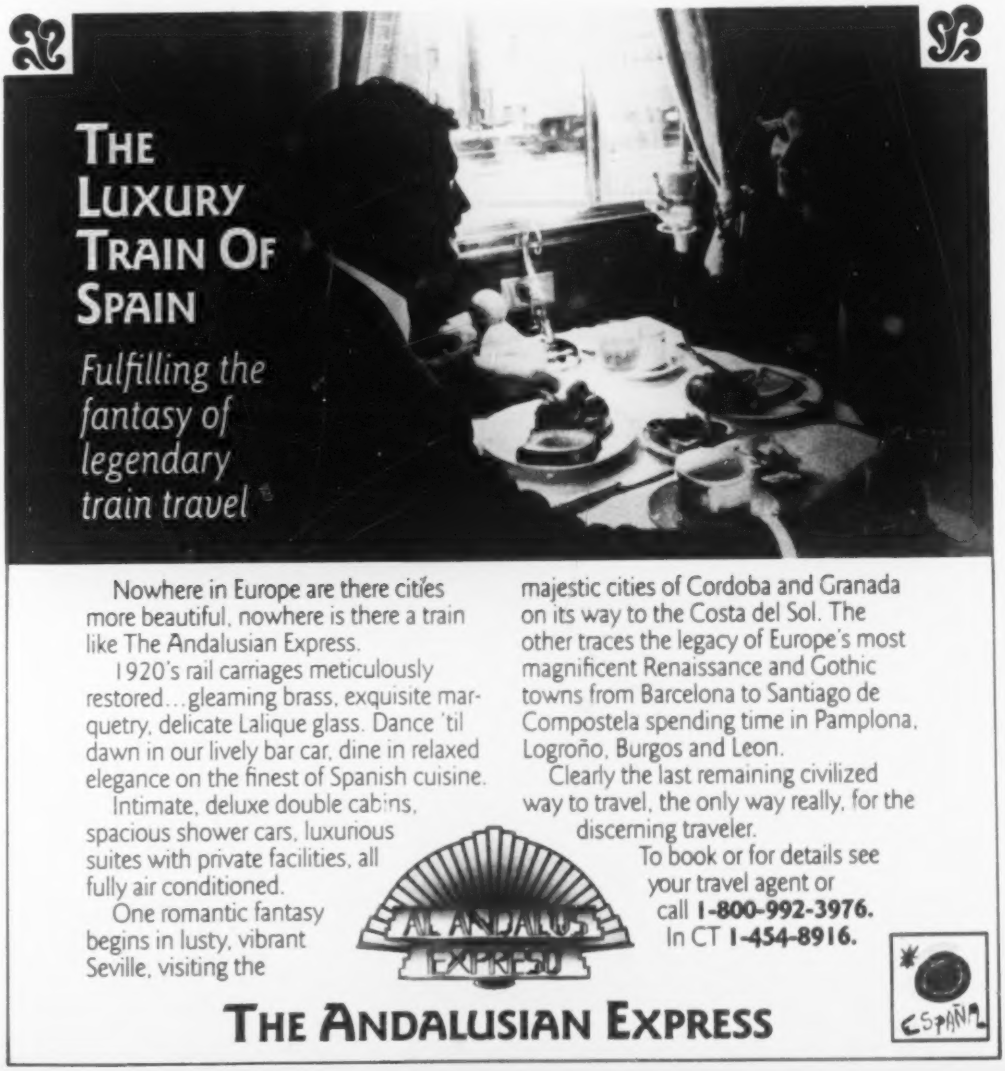
With technology bringing down the costs, all of a sudden broadcasts like these to small, enthusiastic audiences around the world have begun to make sense. And now, on this afternoon in the future, with the picture so clear and the image so big that you feel you're right there, crowds are gathering, around North America and elsewhere. All together they might just fill the stadium the game comes from—but that's enough to make a braodcast happen.

What I am describing to you is television, not of the distant future but just around the corner.

No longer is broadcasting confined to blockbuster sports. Every team on earth will have the chance to build hometown followings and transplanted followings around the entire globe.

We are entering the age of choice. The major sports will gain major followings all over the world. And smaller ones will find their audiences as well, and will grow along with them. And a marriage of technology and skillful marketing of events can bring this age of choice to sports.

A moment which shines in the annals of baseball happened many years before the birth of television when Babe Ruth stepped up to the plate, pointed to the fence, and then hit the ball out and over the very spot to which he'd pointed. What a moment of confidence, daring and vision. If we let our imagination and vision outstrip the safe and immediate, and allow our courage and determination to be as great as our aspirations, we can point to the fence of the future and create many opportunities for sports programming. ☐



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The Marketing of the Olympics

"A single aspect of the modern Games has far surpassed anything its founding fathers could have imagined: the business of the Olympics."

By Donald R. Dixon

The Olympic Movement has made tremendous strides since the beginning of its revival in 1894. Baron Pierre de Coubertin, founder of the Modern Games, envisioned this global sporting event as a means to promote world peace and understanding. His efforts were in direct response to the social and political climate in which he lived, and in the near-century that has passed, the Movement for which the Baron so fervently fought continues to flourish and lend itself to the ideals that his work embodied

A single aspect of the Modern Games has far surpassed anything its founding father could have imagined, and continues to astound his contemporaries: the business of the Olympics.

Now, more than ever, the corporate world is taking note of those who have already established successful sponsorship track records. This is best supported by comments from some of the decision makers involved:

"Our sponsorship of the Olympic Games was the biggest and at the same time the best promotional program in Visa's history."

—John Bennett, Senior Vice President
VISA International

"Our sponsorship and our television commercials during the 1988 Olympic Games gave us increased visibility as an effective, contemporary and caring organization . . . We conducted two comprehensive surveys of 350 business decision makers and 350 consumers both before and after the 1988 Winter Olympic Games. The results showed positive gains in every attribute we measured."

—Bernard Tresnowski,
President & Chief Executive
Blue Cross Blue Shield

"Xerox has had a long and proud history of its involvement with the Olympic movement starting in 1964 with the Winter Olympics in Innsbruck, Austria. In 1982, Xerox became a sponsor of the United States Olympic Team for the 1984 Olympics and will continue that relationship through 1992.

"Our olympic sponsorship provides us with a showcase for our products and services. All of our 100,000 employees take great pride in our Olympic involvement.

—Sandy Lanzarotta,
Manager Corporate Affairs
Xerox Corporation

In short, Olympic sponsorship is working for big business.

Corporations have put their Olympic associations to practical use in all aspects of their marketing efforts. This has become most evident in advertising, consumer promotions, trade and public relations, and internal incentives. Not to be overlooked, however, is the impact that media and, more specifically, television, has had on Olympic sponsorship.

DONALD DIXON is Chairman and founder of HMG Sports, Events and Licensing, and a member of the Board of Directors of the Spain-USA Chamber of Commerce.

HMG/SEL is the marketing consultant to the United States Olympic Committee and the Barcelona Olympic Organizing Committee.

In December of 1988 NBC won the rights to carry the 1992 Barcelona Olympic Games by submitting a bid that took the entire industry by surprise. $401 million in broadcast rights fees was a far cry from the $394,000 that was paid by CBS in 1960, the year that the Games were first broadcast in the United States.

The rationale for this record-breaking acquisition can best be explained by factors that must have been considered in the decision-making process. The City of Barcelona and the allure of Spain and Europe in 1992 are only the tip of the iceberg. The addition of newer sporting events will broaden the appeal of the Olympic Games in 1992 and, as a result, can furnish potentially higher ratings, particularly in the United States. Some of the newer medal sports like baseball and tennis—the latter of which will include U.S. professionals—are expected to draw record numbers of American viewers. Additionally, there will be increased competition in basketball, America's strongest sport, which may involve players from the NBA.

Traditionally under-exposed sports like rowing, sailing, field hockey and tae kwon do will receive increased television coverage in 1992. On the agenda as well will be expanded participation and broadcast of Olympic events for women. All of these elements are key factors being scrutinized carefully by corporations around the world.

In 1992 the television networks, more than ever, will need the Olympics to attract viewers and promote their full schedules in order to expand their own inroads into cable and pay-per-view. The 1992 Olympic Games in Barcelona is *the* big event that will satisfy all of their needs. □

SPORTS MARKETING

The Goodwill Games: A New Chapter in TV History

"Here is an event that was created and is owned by the cable industry . . . The 1990 Goodwill Games will be the largest original programming event in cable television history."

By Rex Lardner, Jr.

Three-and-a-half years ago, the telecast of the inaugural 1986 Goodwill Games in Moscow ushered in a new era in television sports. In just a few months, a new chapter in television history will be written with the telecasting of the 1990 Goodwill Games from Seattle.

The 1990 Goodwill Games will be the largest original programming event in cable television history. It's also the first time since 1932 Olympics that athletes from all countries, East and West, have competed on American soil in an international multisport summer competition.

The event will be held July 20 through August 5 in Seattle and other cities in the state of Washington. The Games will unite 2,500 of the world's best athletes from more than 50 countries in 21 top-rated sports. Only the world's top athletes and teams are invited to compete in each sport.

As host broadcaster, TBS will provide viewers with 86 hours of coverage over 17 days on a cable-exclusive basis in the United States. The importance of cable-exclusive coverage is that most major sporting events are either shared with cable or broadcast by the networks exclusively. Here is an event that was created and is owned by the cable industry. The Goodwill Games represents Turner Broadcasting's commitment to providing the cable industry with exciting, original, high-quality programming.

Internationally, the Games will be distributed to an estimated viewing audience of one billion people in more than 40 countries, including Spain.

All programming will be live and in prime-time here in the U.S. The schedule will showcase the most popular sports during peak viewing hours. We look forward to televising key boxing match-ups between the U.S., Cuba and Soviet Union. The swimming competition will feature the great East German and Soviet teams going up against the likes of Janet Evans and Matt Biondi of the U.S. The great Soviet gymnasts will highlight that sport, while the U.S. and Soviet men's and women's basketball teams will match-up against Brazil, Yugoslavia and the best from around the world. All the great performances in track and field —figure skating and ice hockey, plus the first ever U.S. versus Soviet Union baseball game—will be televised. And these are just some of the highlights.

In addition, athletes and teams from Spain are scheduled to compete in men's basketball, men's and women's gymnastics, rowing, team handball and water polo.

The Goodwill Games have worked with the internatiional sports community over the last three-and-a-half years to establish a reputation for the Games as a world-class competition. The U.S. Olympic Committee has given the Games its full support, and sports federations worldwide are working together in the selection and invitation process so that we are sure to see the world's best athletes from every continent competing in Seattle.

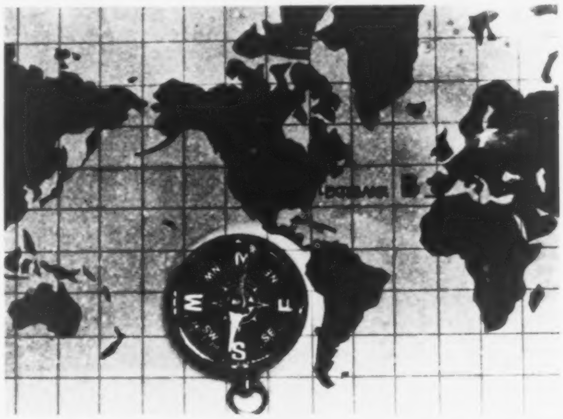
They also have the support and participation of worldwide corporations who have joined the ranks of offical sponsors of the Goodwill Games. Pepsi, Gillette, Anheuser-Busch, Kodak, Wendy's, Time Inc., Frito-Lay, Miller Brewi[illegible] Sony, Fruit of the Loom and S[illegible]Kline-Beechum are our official sponsors who contribute greatly to the Goodwill Games effort along with a host of local and regional sponsors and suppliers.

The Goodwill Games will be more than just a major athletic competition. One of the most impressive arts and culture festivals ever assembled will be held in conjunction with the Games as well as an international trade exhibition.

The future of the Goodwill Games is a bright one. Turner Broadcasting has agreements with Goskomsport (USSR State Committee for Physical Culture and Sport) and Gosteleradio (USSR State Committee for Television and Radio) for 1994 and 1998. The '94 Games will be held in Moscow and Leningrad. The '98 Games will return to North America, where several major cities already have expressed interest in hosting the 17-day extravaganza. In the meantime, we at TBS look forward to July 20th as 2,500 of the world's finest athletes march into Seattle as a symbol of international goodwill through world-class competition. □

Seattle will host the 1990 Goodwill Games.

REX LARDNER, JR. is senior vice president and general manager of the Goodwill Games for Turner Broadcasting System, Inc. (TBS), overseeing all internal activities relating to the Games. He was formerly vice president of TBS Sports and continues to play a major role in TBS Sports scheduling and maintains an ongoing interest in international sports and related events.



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SPORTS MARKETING

Preparing for World-Class Athletic Competition

The secret ingredient for peak performance away from home: Intercultural training

By Constance Franklin and Cornelius Grove

Did you ever wonder why world-class athletes sometimes seem to be at a disadvantage when competing in other countries? Is there some sort of special training that should be added to their preparation for overseas competition? Coaches and trainers are asking this question as they prepare for events such as the XXVth Olympiad in Barcelona.

Certainly, no world-class athletes would depart for an overseas competition with too little time remaining to recover from jet lag. But, routinely, athletes depart for events without giving thought to the social and cultural conditions in which they will be competing.

Everyone has heard the term "culture shock" applied to an outcome of living in an unfamiliar environment. There, the human body must expend energy to cope with the distractions of unfamiliarity. This depletes the body's physical and mental reserves. In turn, endurance, concentration, even resistance to disease are diminished. Performance can be affected when an athlete needs to go all-out for "Olympic Gold."

There are other factors, too. When people from diverse cultures interact with one another, misunderstandings occur. These lead to frustration, ill-will, and conflict—and to more unwanted spending of energy. Moreover, such misunderstandings are magnified by the media scrutiny that brings world-class events into homes everywhere.

Can something be done to help athletes, coaches, and other team members overcome these distractions and perform more effectively? Yes.

Intercultural Training got its start some thirty years ago when the Peace Corps began devising ways to prepare and support its new volunteers. Since then, training programs have been developed for use with people from many walks of life who must be as productive as they can while working, studying, or competing in an unfamiliar environment.

Perhaps you've heard of intercultural training and envision it as merely a description of social customs, or as a travelogue plus a "do and don't" list. To some extent, you're right. But if your ideas remain at this level, you've missed the real richness and practical value of such training. Intercultural training is a means to better understand human behavior and to gain sensitivity to others. It often begins by expanding the trainees' awareness of their own culture.

Intercultural training comes in two varieties. In the "culture specific" variety, trainers who are knowledgeable about a particular country help trainees amass information and develop skills to become productive and interpersonally effective in that country. In the "culture general" variety, the trainers' objective is to improve the trainees' ability to "learn how to learn" when confronted with values and patterns of thought and behavior that are strange or upsetting.

How could this training be worked into an athlete's preparatory program without replacing time needed for physical training? In fact, intercultural training does not require much time. Only a few hours of training are necessary several weeks before the athletes depart. A few more hours occur sometime after their arrival in the host nation. This training can easily be integrated with physical training sessions.

As with any preparation, intercultural training is not a panecea. Much depends on a program design that stimulates the athletes to recognize that intercultural skills and perspectives can give them a "competitive edge." Given well prepared trainers and committed trainees, intercultural training can . . .

(1) help athletes perform at peak energy levels in international competition in spite of the distractions of a foreign environment;

(2) enhance the communication skills of all team members, thus reducing the potential for interpersonal and intercultural conflicts;

(3) enable team members to present a positive image of their nation to fellow athletes, spectators, host nationals, and the media. ☐

CONSTANCE FRANKLIN of Madrid, heads Constance Franklin & Associates, which offers training in cultural awareness and intercultural communication skills for businessmen, diplomats, and their families to help them perform more effectively in Spain.

CORNELIUS GROVE, of Brooklyn, NY, has authored many articles and two books in the intercultural field. He is now consulting and working on a book for corporate human resource managers who are responsible for expatriates and their families.

Developments in a New Europe: How Will They Affect Spain?

By René de la Vega

Are economic developments in Eastern Europe a disruption of Spanish efforts at integration into the European unification process? The combination of proximity to the industrial heartland of Western Europe and skilled labor at discount prices which has made Spain a favorite for American investors will be offered tenfold by the economies of Eastern Europe within a very short time. Granted that structural inadequacies—especially those of the monetary systems of the former COMECON nations—will give Spain a significant edge during the next few years, there still is a potential for significant competition from Eastern Europe.

At a January conference on "Spain Facing 1992," French and Spanish executives found that Eastern European developments posed a serious threat to the unification process, especially concerning currencies. Alain Minc, head of Cerus-France, said that West German economic growth was going to be around 3 to 4 per cent, and that "German growth will take with it all of the Community," but that "there will be no monetary unification, because West Germany would not have any interest in giving up its leadership in currencies, and because it would also have its own zone of relative poverty in East Germany. This should not, however, imply that an economic unification could not take place."

Eastern European developments, he pointed out, will also give reason to the EEC leadership to restructure the EEC significantly. On the EEC budget level, the liberalization of the Eastern European economies means an additional source of expenses; this will bestow upon Spain the honor of becoming a grantor rather than a recipient of aid. Flattering as this experience may be, it should be rewarded with a certain amount of influence over developments in Eastern Europe.

> The developments in Eastern Europe bring opportunities as well as dangers for Spanish industry.

There are two degrees of development in Eastern Europe at the time Mr. Minc said: that of East Germany, Hungary, and Czechoslovakia, which are fully developed industrial nations which need to make more consumer goods available to their citizens; and, at another level, countries like Poland, the Soviet Union and Rumania that "are in a similar situation to the large Latin American debtor nations, with a high rate of inflation, high external debt, extensive corruption, and autocratic political systems."

Great dangers loom for the Spanish metallurgical industries, which have already been through a very difficult period during the 1980s. Czechoslovakia, Poland and the Soviet Union have large steel complexes and tremendous deposits of ores and coal. Poland's coal, for instance, will be available to Western European steelmakers and coal-energy-producing firms and will put pressure on prices. Spain's commitment to keep the Asturian coal industry alive will become more difficult to maintain.

Last December, the ECSC granted a loan to Hungarian and Polish steel mills as part of a 200 million ECU program to modernize the two countries. As compensation, Karel van Miert, responsible for credit and investment at the ECSC, said that "It should be remembered that the ECSC has recently also started to finance the use of Community steel in the context of major infrastructure projects of European interest, for example, the construction of high-speed rail networks."

A high-speed rail network will, of course, take years to develop and finance, he added, and is likely to be outstripped by the development of airline traffic and toll highways.

On the other hand, van Miert also mentioned joint ventures as another object of ECSC financing that may contain opportunities for the Spanish steel industry. "Under this operation, we are going to promote joint ventures in those countries' mechanical engineering industries and in the field of investment in major infrastructure requiring large quantities of steel." The Basque and Asturian steel industries must not overlook the opportunities involved.

At the moment, Poland and Hungary are the most popular places for investment in Eastern Europe. Other nations have the disadvantages of being less stable and that the outcome of their political changes is still unclear.

Large multinationals are still at an advantage in their investments in Eastern Europe. Spain still has an overwhelming number of small- and mid-size companies that would like to do business abroad, but cannot always take the risks involved. Even larger firms are still taking a cautious approach to investing there. Joint-ventures, such as that of GE with Tungsram, the Hungarian lightbulb manufacturer, or that of US West with Magyar Posta, help greatly in establishing a foothold in a country. The local company will have the connections and the knowledge of the local market, the foreign company will provide new technology and exporting opportunities.

(CONTINUED ON PAGE 56)

DEVELOPMENTS IN A NEW EUROPE: HOW WILL THEY AFFECT SPAIN (CONTINUED)

However, the state-controlled economies of the East Bloc countries leave monopoly manufacturers behind, and that means that in any given industry of any country there is only one available major joint venture partner, who will pick the best or the fastest Western partner interested in entering into cooperation. EEC membership will not be enough here; an established sales network will count. Acerinox and Ensidesa will have to prepare for Thyssen and Nippon Steel to outbid them on joint ventures in renovating steel plants around Silesia, and so forth. This situation demands creativity.

A quote from a recent article illustrates the level of expectations from a partner:

"The combination of Tungsram's extensive product line and manufacturing base with GE's advanced technology and manufacturing experitse will give us a better competitive position in the worldwide lighting market," says John Opis, Senior Vice President of GE Lighting, a company division based in Cleveland. GE Lighting will work with Tungsram in expanding the Hungarian company's commercial, industrial, and especially lamp products. New technology will be transferred to Tungsram by GE, and Tungsram workers and management will travel to the United States for training." (*Europe* Jan./Feb. 1990, pp.25)

This program implies a technology gap, and, without mentioning it, also a market-access gap. The Eastern Europeans have less technology, but they have access to their own markets, and lower labor costs.

Of course, there is a golden opportunity for the Spanish food-processing industry. Campofrio, Chupa Chups, Cuétara, and others are already planning joint ventures in Eastern Europe, and a tremendous market for subtropical fruits and wine will open up to the Spanish and their Mediterranean neighbors that may someday relieve them of any production quotas and conflicts with each other. The tremendous market for high Vitamin-C fruits that will open up to the Spanish in the cold climates of Eastern Europe should revise the limits imposed by the EEC on the development of the Almería valley.

> "In Eastern Europe... the Spanish entrepreneur will have to put in extra energy, creativity and willingness to venture into unfamiliar territory."

It is therefore imperative to obtain access to the retailing scene in those countries. Here lower prices may have a better chance than higher levels of technology.

There are tremendous opportunities for Spain in Eastern Europe. However, the Spanish entrepreneur will have to put in extra energy, creativity and willingness to venture into unfamiliar territories in order to offset his disadvantageous geographical position vis-á-vis the Central European areas of the EEC plus Austria, Switzerland and Sweden. The countries that are located closer to Eastern Europe have also been traditionally doing the most business with Eastern Europe before 1989, and even more so before 1939. The language barrier as well as transport costs will be significant. Spaniards are less well-known, but neither are they subject to longstanding animosities such as those between Germans and Poles, Hungarians and Slovaks, etc.

The Bank for Reconstruction and Development of Europe

The new BRDE will promote the expansion and modernization of infrastructures. For instance, there is an inadequate network of motorways in Eastern Europe—except for the Prague-Bratislava motorways and the old motorways of the GDR that date to the prewar days, plus that built by the West Germans between Hamburg and Berlin, there are no motorways in Eastern Europe. Also, the telephone system of Poland is in a dismal state.

Individual investment as well as programs can be financed by the BRDE. The plan requires harmonization with existing programs, namely Operation PHARE, EIB lending, medium-term financial assistance to Hungary, and the World Bank and IMF.

The bank will give concessional aid on an ad hoc basis, which is predicted to constitute one tenth of the bank's activity. A separate ~~fund~~ will probably be instituted for the purpose.

Beneficiary countries will be shareholders at the same time as they receive benefits from the bank. The European Community terms this "democratic conditionality." If a country abandons democracy and the market economy it will be deprived of the benefits.

The French proposal calls for 15 billion ECUs over five years. There will be 24 donor countries, including the countries of the EEC with 51%; the Eastern Europeans with 10%; Japan and the USA with 16%; the Soviet Union with 8%; and EFTA and other OECD countries with 15% of the total initial contribution.

The rules will determine conditionality of new loans on repayment of old loans and prudential ratios. The proposal prefers transactions to take place with ECUs as a currency, although the creators of the proposal are aware of the fact that countries may not always be able to pay in currencies that are foreign to them.

Poland and Hungary have to be pointed out as two countries receiving special attention. The Brussels meeting of December 13 of last year led to a concrete credit program that will lend 1.5 billion ECU to Hungary and 1.3 billion ECU to Poland from a combination of EIB, ECSC and cooperation project funds, as well as the Poland Stabilization Fund. It is ~~a~~ clear reward for accelerated democratization; countries have to fight for democracy on their own for a while before they become eligible for financial assistance.

The new development bank created for the Eastern Europeans will be part of that effort. Its loans will be given on an ad hoc basis, which makes it hard to compare with the Marshall Plan, which had a bulk loan at its core, and will be carried by EEC nations. It is clear that the Eastern European nations will have to allow more than just capitalism into their countries—they will also have to absorb some of the statist features of the Western European system into their countries if they are to integrate into the European economy. ☐

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Patience and Perestroika

"The toppling of Communist Party rule in nearly all Eastern European countries and the calling into question of Party unity in the USSR create opportunities for freedom and prosperity or for chaos and reaction."

By Neal M. Soss
Courtesy of First Boston

Recent events in Eastern Europe and the Soviet Union defy even the hyperbole of press accounts, even if they do not quite mark "the end of history." Europe has experienced broad political upheavals before—1848, 1919, and 1948 come to mind. The toppling of Communist Party rule in nearly all Eastern European countries and the calling into question of Party unity in the USSR create opportunities for freedom and prosperity or for chaos and reaction.

Constructive outcomes will rest on:

- Political stability
- Meaningful internal prices
- Meaningful external prices

Political Stability

The retreat of Communism has been remarkably peaceable, with Romania the most notable exception. But Eastern Europe has a long history of ethnic strife: Bulgars and Turks; Romanians and Magyars; Serbs and Croats. The heavy hand of ideological, authoritarian Communism that kept these rivalries under control for forty years is gone, and the traditional discord may well bubble back to the surface. Russian ethnic primacy within a federation that includes restive Baltic peoples, Ukrainians, Armenians, Azerbaijanis, *et al,* is potentially even more delicate.

Distortions in the economy under Communist rule created favored classes among bureaucrats, the military, and workers in heavy industry. Austerity programs that must launch economic restructuring will strike hard at these formerly favored groups. Ironically, Solidarity members may suffer the sharpest near-term disruption in standard of living under Poland's new IMF agreement.

The Biblical Book of Numbers recounts that the Hebrews, having been rescued from slavery in Egypt through miracles every bit as profound as tearing down the Berlin Wall, soon complained to Moses "Wherefore have ye brought us up out of Egypt to die in the wilderness? for there is no bread . . . Let us make a (new) captain, and return into Egypt?" Moses's leadership survived by suppressing rebellion and delivering food.

The wave of free elections in Eastern Europe this spring will provide only the first test of whether orderly transfer of political power can become the norm. The promose that economic restructuring will bring many steps forward in standard of living (in repayment of one step back right now) is the best reason for expecting the new regimes to achieve political legitimacy. (From a financial perspective, foreign exchange markets may be most sensitive to the prospects: orderly political evolution in the East favors the DM, disorder favors the dollar.)

Meaningful Internal Prices

For a half-century and more, these economies have relied on central planners to allocate resources. Bureaucrats decided how much of each item was to be produced, and by fixing input and output prices, effectively set production technologies. Following Leninist and Stalinist tenets, they typically overemphasized heavy industry and the military. (This is one reason for the disparity between observed standard of living and reported GNP per capita.) □

Orders of Magnitude

	Population	% of World Population	(bil US$) Nominal GNP	% of World GNP	(US$) GNP Per Capita
World	5.2 bil		18,600		3,600
U.S.	246 mil	4.75	4,880	26.0	19,800
Japan	123 mil	2.40	1,760	9.5	14,350
EEC	325 mil	6.25	4,060	22.0	12,510
USSR	287 mil	5.50	2,535	13.5	8,900
E. Europe	113 mil	2.20	930	5.0	8,200
China	1.1 bil	21.25	350	2.0	320

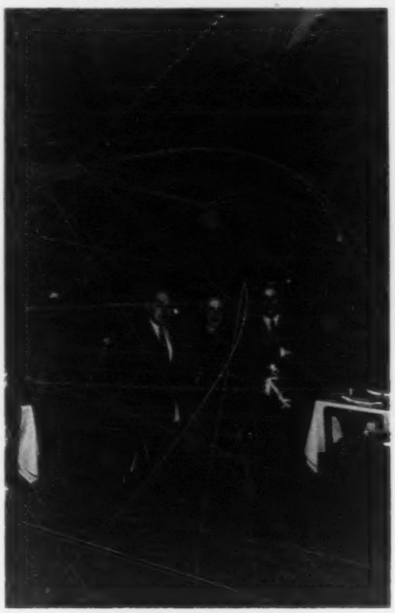
	Multiple of World GNP Per Capita	(US$) Exports	% of World Exports	(US$) Imports
World		2.7 tril		
U.S.	5.5x	322 bil	12	460 bil
Japan	4.0x	265 bil	10	187 bil
EEC	3.5x	1065 bil	40	1080 bil
USSR	2.5x	110 bil	4	107 bil
E. Europe	2.3x	116 bil	4	115 bil
China	1/12	59 bil	2	52 bil

Source: *CIA Handbook of Economic Statistics*, 1989. See also *Foreign Trade Alert* 12/5/89, and "An Era of Peace and Prosperity" *First Boston*, January 1990.

FOOD AND WINE

The Paradis Barcelona Promotes Catalan Cuisine

Penelope Casas calls Catalonia "the most gastronomically distinctive and exciting region of Spain." Now you can find out for yourself at this elegant new restaurant.



During their recent visit to New York, Catalonian President Jordi Pujol (right) and Mrs. Pujol were welcomed to the Paradis Barcelona by Armando Bejar, President of the Paradis Group.

The Paradis Group, proprietor of five restaurants in and around Barcelona with another one planned to open in Madrid this September, has opened its first American outpost.

Located at 145 East 50th Street in Manhattan, New York, Paradis Barcelona is an elegant, spacious restaurant featuring sophisticated Catalonian/Mediterranean cuisine. More European in style than that of the Iberian interior, and more akin to its Mediterranean neighbors, France and Italy, Catalonian gastronomy is renowned for its freshness and vitality.

To most Americans, the cooking from this region of Spain remains one of Europe's undiscovered secrets. In her book, *The Foods and Wines of Spain,* Penelope Casas calls it "the most gastronomically distinctive and exciting region of Spain." Colman Andrews, who authored the highly-acclaimed *Catalan Cuisine,* labels it "Europe's last great culinary secret."

Paradis Barcelona offers both traditional and innovative dishes, including sweet red peppers stuffed with creamed cod and light *"all i oil,"* fresh sea bass in a saffron sauce, paella parellada (with boneless meat, fish and poultry), braised baby goat with a mustard seed sauce, Creme Catalan, and a large selection of tapas dishes, to name just a few.

Recently, Paradis Barcelona was selected to cater for the opening of the *Design in Arts and Fashion in Catalonia Exhibition,* organized by the Generalitat de Catalunya and the Barcelona Design Center and held at the Armory in New York City. Forty leading designers, artists and manufacturers gathered to display their products to American industrialists and consumers. Paradis Barcelona prepared a complete, buffet-style meal for the press/trade opening event. Although only eight hundred guests were anticipated, more than fifteen hundred attended, and the restaurant managed to

(CONTINUED ON PAGE 62)

A Visit to the "Wild, Wild Mushroom Festival"

By CONCHITA IGLESIAS

It does not fail—each time I visit a restaurant, I remind myself that I would like for a change to have the opportunity of sampling something different and prepared to perfection from start to finish.

A few weeks ago, the opportunity presented itself when I was invited by the Paradis Barcelona Restaurant in New York, to attend their "Wild, Wild Mushroom Festival" which took place from February 14 to March 14. When we arrived at the restaurant around five thirty in the afternoon, I was overwhelmed by an aroma that made my mouth water. Surprisingly, it was not the smell of garlic, onions or olive oil, typically associated with Spanish cooking, but the delicious fragrance of woodsy wild mushrooms and a combination of herbs and spices.

A vast array of thirty different kinds of mushrooms were on display—which have been flown from Spain exclusively for this occasion. Soon we were led to our table where we sampled some of the best wild mushroom dishes we had ever tasted, some of the featured dishes, of which my favorites were wild mushroom crepes, codfish terrine with setas, marinated salmon stuffed with yellow trumplets mushrooms and served with a divine tomato vinaigrette, and marinated chanterele served with green salad. (There were many more on the extensive menu).

A total of thirty dishes were prepared by the finest chefs from Barcelona, complemented by a selection of Spanish wines, sherries and cavas from the house of Domecq. ☐

MADRID

FAIR CALENDAR 1990

JANUARY

12-16 **REGALO FAMA** (a)
International Gift Fair

12-16 **BISUTEX** (a)
Costume Jewelry Fair

11-15 **INTERLUM** (a) (*)
Lighting Trade Show

24-28 **FITUR** (b)
International Tourism Trade Fair

25-29 **IBERJOYA** (a) (*)
International Jewelry, Silverware and Watch Exhibition

FEBRUARY

4-7 **IBERVIDEO** (a)
Video Production Trade Show

8-13 **ARCO** (c)
International Contemporary Art Fair

21-25 **INTERNATIONAL FASHION WEEK** (a)
International Women's Fashion Fair | Imagenmoda, Intermoda, Inmoda-Animoda (*)

MARCH

6-9 **SICUR** (a)
International Security, Safety & Fire Exhibition

6-9 **TRAFIC** (a)
International Road Safety Exhibition

21-25 **MOGAR** (a)
International Furniture Trade Show

22-25 **FLORISTA** (a) (*)
Floristry and Garden Centers Trade Show

APRIL

1-5 **IBERPIEL/PELETERIA** (a)
Leather and Fur Fashion Fair

7-9 **EXPOCALZADO** (a)
International Footwear Trade Show

18-22 **DOMELEC** (b)
International Electrical Appliances Show

28-6 **EXPO/OCIO** (c)
Hobbies & Leisure Fair

28-6 **SALON INTERNACIONAL DEL BRICOLAGE** (c)
International Do-it-Yourself Fair

MAY

16-19 **EXPOMUSICA/BROADCAST** (b)
The Music Show/Radio & Television Equipment Exhibition

25-28 **EXPO/OPTICA** (a) (*)
International Optics, Optometry and Audiology Exhibition

31-3 **TECNOCLEAN** (a)
International Exhibition of Cleaning, Maintenance & Conservation Techniques

JUNE

7-9 **EXPODENTAL** (a)
Dental Equipment, Supplies and Services Show

12-15 **TEM** (a)
International Municipal Services & Equipment Exhibition

13-16 **GRAFEX** (a) (*)
Printing Techniques and Supplies Exhibition

FINART (b) (*)
International Handicrafts Fair

SEPTEMBER

6-9 **INTERNATIONAL FASHION WEEK** (a)
International Women's Fashion Fair | Imagenmoda, Intermoda

14-18 **REGALO/FAMA** (a)
International Gift Fair

14-18 **BISUTEX** (a)
Costume Jewelry Fair

17-19 **OPTOLEC** (a) (*)
Laser and Electrooptics Show

22-24 **FIDEC** (a)
International Sporting Goods Trade Show

26-30 **INMODA-ANIMODA** (a) (*)
Imported Women's Fashion Fair

OCTOBER

6-8 **EXPOCALZADO** (a)
International Footwear Trade Show

6-8 **INTERLOOK** (a)
International Hairdressing, Beauty Care, Cosmetics & Perfume Show

16-18 **COGENERACION** (a) (*)
International Energy Cogeneration Show

16-20 **MATELEC** (a)
International Exhibition of Electrical Material for Installations & Rural Electrification

NOVEMBER

2-5 **IBERPIEL-MARROQUINERIA** (a)
Leather Goods Fair

6-9 **EXPOMEDICA-HOSPITALIA** (a) (*)
International Medical Equipment Trade Show

16-23 **S.I.M.O.** (b)
International Office Equipment & Data Processing Show

23-2 **FERIARTE** (c) (*)
Antiques Fair

(*) Fairs held at the Exhibition Center on Paseo de la Castellana, 257
All other events held at the Casa de Campo Fairgrounds

(a) Trade visitors, only
(b) Trade visitors and public
(c) Open to general public

IFEMA
Feria de Madrid

THE PARADIS BARCELONA

(CONTINUED FROM PAGE 60)

ensure that there was plenty to eat for everyone.

Some of the traditional Catalonian dishes served included black ink rice with squid and seafood, mushrooms sautéed in olive oil, a selection of fish and seafood dishes, croquettés, toast with goose foi-gras, smoked salmon stuffed with asparagus, quail eggs in a Mediterranean sauce, lobster tails, and many desserts including Creme Catalan. A highly successful operation in Spain, the restaurant intends to expand its catering services in the United States. This opening made an excellent start.

The restaurant is equally active on its own premises. A few days following the exhibition opening, Paradis Barcelona hosted a grand degustation for more than 150 members of the press to launch a month-long *Wild Wild Mushroom Festival.*

Of all the foods that Catalans embrace, none stir as much fervor as wild mushrooms. Almost fifteen hundred species of wild mushrooms and other fungi have been catalogued in Catalonia, with over one hundred used on a regular basis in the region's dishes. A rare selection of these wild mushrooms were carefully escorted from the forests of Catalonia to the kitchens of Paradis Barcelona to feature in more than thirty different preparations during the festival.

Joining Chef Juan Puig-Gros, Executive Chef at the New York restaurant, were his colleagues from the Paradis restaurants in Catalonia: Juan Mediavilla, a mushroom expert and manager of the Paradis Can Amat Restaurant, on the outskirts of Barcelona; Manuel Marin, Executive Chef at Can Amat; and José Ledesma, Chef at the Paradis restaurant located in the elegant residential area of Pedralbes in Barcelona.

Paradis Barcelona also invited Llorenc Petras, probably the world's most revered wild mushroom expert, who sells more then 250,000 lbs. of these extraordinary fungi at his shop in Barcelona's famous Bocqueria, to participate at the press event.

Dishes prepared included a salad of yellow trumpet mushrooms with king prawns, stuffed beggars' purses with an oyster mushroom cream sauce, a pork and mushroom stew with grisa mushrooms, codfish terrine with cepes, scallops with black trumpet mushrooms, braised duck foie gras with cepes, to name just a few. The restaurant also boasts one of the most extensive Spanish wine lists in the country.

The Wild Wild Mushroom Festival continues in the restaurant for one month. Festivals celebrating more of Catalonia's gastronomic delicacies are being planned for the future.

Paradis Barcelona is open for lunch Monday thru Friday and dinner Monday through Saturday, and serves a special tapas brunch on Sundays. Tapas is also served at the bar Monday through Friday from noon until midnight. Private parties and catering services are available upon request. Further information or reservations can be obtained by calling (212) 754-3333. ☐

ADREUSA Plans Complete Public Relations and Marketing Campaign

One of the first projects planned by the recently formed ADREUSA (Asociación de Restaurantes Españoles en U.S.A.), a non-profit organization with headquarters in New York City, is to finalize the approval of the J1-JR visa which will allow chefs from Spain to work freely in America.

The organization also plans a complete public relations and marketing program for 1990, the funding to come from memberships offered to Spanish restaurants throughout the country, with dues of $200 per year. In addition, government bureaus, Spanish corporations, and suppliers/distributors of Spanish foods and wines will be approached for support.

An attractive brochure is being designed to promote ADREUSA and to inform Spanish restaurants, the press and the public. It will contain advertisements which will enable Spanish wine and food suppliers to reach the ever-expanding Spanish restaurant market. Advertisers will also be offered individualized promotional programs in ADREUSA restaurants.

"Given the current interest in Spain and the upcoming events in 1992, the time is right to introduce Americans to the wonderful Spanish food being prepared in this country," says Ramón San Martín, president of ADREUSA. "This is the chance of a lifetime to integrate Spanish culture and cuisine into the American lifestyle."

To showcase traditional Spanish culture and the newest, highest-quality Spanish cuisine, a gala fundraising event for ADREUSA is being planned. At a grand dinner to be held annually, each course will be prepared by the chef from a different ADREUSA restaurant and paired with a fine Spanish wine.

With revenues gained from these fundraising efforts a variety of special events will be instituted in member restaurants around the country. Among the events being planned is a "Restaurant of the Month" program. Each month a different ADREUSA restaurant, chosen on a rotating basis, will be singled out for promotion. Special invitations will go out to America's leading gastronomic societies to participate in these events.

Plans are also underway for a series of Spanish food and wine lectures/dinners. At each stop on a nationwide tour of ADREUSA establishments, a well-known and respected food and wine writer will lead special tasting dinners for the press and consumers.

Spanish cultural events touring the U.S.—fashion shows, concerts, art exhibitions, etc.—will also be targeted for tie-in promotions at member restaurants, with special events, catering and cocktail parties scheduled as appropriate.

Also in the works is a newsletter that will go out to ADREUSA members, the media and consumers nationwide. Featured will be articles on ADREUSA activities, individual member restaurants, Spanish food and wine, recipes, and news about special buying opportunities for members.

Further information about ADREUSA, and any of its programs, can be obtained by contacting: Ramón San Martín, 1458 First Avenue, New York, NY 10028, (212) 288-0470, or Lucinda Addison, c/o Tromson Monroe, 110 East 59th Street, New York, NY 10022, (212) 752-8660. ☐

FOOD AND WINES

Cafe San Martín Hosts Tapas Week

For centuries Spaniards have been enjoying *tapas*—the little appetizer dishes of Spain. They prize them for their great taste, versatility and the casual, fun loving eating style they represent.

From April 1 to 8, New Yorkers had the unique opportunity to taste tapas just as they are made in Spain when Café San Martín, known for bringing great guest chefs from Spain for unusual culinary events, hosted a special Tapas Week. For this occasion, tapas pro Salvador Lucero of Bar Bahia in Cadiz, the ancient city in the heart of Andalucia where tapas were born, prepared some of his most celebrated tapas dishes. A 5-course tapas menu was created especially for the event.

Recipient of the prestigious "Garbanzo de Plata" award, Chef Lucero daily prepared such tapas as Saffron-Scented Swordfish, Shrimp Pancakes, Baby Ribs in Paprika Sauce, Gazpacho and a variety of refreshing salads.

Chef Lucero shared the kitchen at Café San Martín with the restaurant's exceptional in-house chef, Juan Soler, recently arrived from Valencia. Mano a mano they insure a rare treat for New Yorkers longing for authentic Spanish cuisine.

Also at Café San Martín for this special week was author Penelope Casas, who first introduced Americans to tapas several years ago. Ms. Casas was available to sign copies of her books, *Tapas: The Little Dishes of Spain* and *The Foods and Wines of Spain.*

Cooperating in the arrangements for Tapas Week was Europa Airlines.

Café San Martín, 1458 First Avenue in New York City, is open daily for dinner. For information and reservations, call (212) 288-0470. ☐

1992 EVENTS

Israel at Expo '92 and "Sefarad '92"

Israel will be a major participant in Spain's nationwide celebration of the Fifth Centennial of the Discovery of America, according to Moshe Arens, Israeli Minister of Foreign Affairs. In addition to its pavilion at Seville's Expo '92, Israel will also contribute financially to other aspects of this Universal Exposition.

Mr. Arens assured Israel's financial commitment during his recent visit to Toledo, a flourishing capital of Jewish culture until the late 15th century, which has been named the capital of "Sefarad '92" (Sefarad is the Hebrew name for Spain).

The Minister emphasized his country's desire to revitalize Spain's historic Jewish legacy. Jewish organizations, he said, are planning special cultural events which will take place in Toledo during the Fifth Centennial celebration, in addition to the programs scheduled for Seville's Expo '92. ☐

U.S.A. NEWS

Air Europa Announces Summer 1990 Schedule to Spain, 10% Discount for Chamber Members and Families

Air Europa has announced its Summer Program 1990 flights to Spain. The charter airline will grant a 10% discount on its regular prices to all members of the Chamber and their immediate families.

The price schedule in U.S. dollars is as follows (airport taxes in the U.S. and Spain are not included):

MADRID

	Roundtrip	One-Way
WEDNESDAY		
May/Sept/Oct	499	299
June/July/August	599	350
FRIDAYS		
May/Sept/Oct	525	325
June/July/August	625	375
SUNDAYS		
June/July/August	625	375
September/October	525	325

MALAGA

	Roundtrip	One-Way
WEDNESDAY		
May/Sept/Oct	575	325
June/July/August	675	425

FLIGHT INFORMATION, SUMMER 1990

WEEK DAY	FREQUENCY	FROM	TO	LOCAL TIMES DEP	LOCAL TIMES ARR	FLIGHT NUMBER
Tue	From May 1 to Oct 30	AGP EWR	EWR AGP	1315 1655	1455 0605	UX-068 UX-069
Wed	From May 9 to Oct 31	MAD JFK	JFK MAD	1700 2055	1900 1000	UX-092 UX-093
Fri	From May 4 to Oct 26	MAD JFK	JFK MAD	1255 1655	1455 0600	UX-076 UX-077
Sun	From June 24 to Oct 28	MAD JFK	JFK MAD	1200 1600	1400 0505	UX-066 UX-067
Thu	Jul 5/19 Aug 2/16/30 Sep 6/27	MAD EWR	EWR MAD	1315 1620	1520 0635	UX-036 UX-037

NOTE All departure flights from Spain in October will be one hour earlier

KEY AGP = Malaga, EWR = Newark, MAD = Madrid, JFK = JFK Airport, New York

FOOD AND WINE

Domecq in America

"Domecq in Spain is a household word . . . Michael Domecq seeks to achieve this fame in the United States."

It began by a fortunate accident more than a century ago, when a forgotten cask of wine spirits was discovered in the darkest corner of a bodega in Jerez de la Frontera in Andalucía. The first brandy of Spain—and many argue the world—had been born.

The discoverer of this smooth, velvety liqueur was Pedro Domècq. The year was 1874. The first bottles of Fundador brandy were produced, and with them began a business that has blossomed into an international, multi-million-dollar affair.

With the recent declaration of the world's third official brandy appellation in Jerez, and the sudden revolutionary interest in Spain as we approach 1992, brandies from Spain are enjoying burgeoning sales worldwide. In the United States, the Spanish Government-subsidized "Wines of Spain" has spent $2 million over the past three years, with a further $2 million budgeted for the next four years, to market the brandies of the House of Domecq and the other seven bodegas from Spain to the American public. In addition, Government authorities have recently allotted an additional $5 million for a specialized advertising and marketing program to run over the next three years in the United States for the brandies of these same eight bodegas.

The House of Domecq, producers of Carlos I, Carlos Imperial and Fundador brandies, was founded in Jerez in 1730 by an Irishman, and a few decades later taken over and developed by a French aristocrat, Pierre de Domecq-Lembeye. Comfortable in his Spanish surroundings, Pierre changed his name to Pedro Domecq and established a successful sherry business to England and Holland. It was his nephew, of the same name, who stumbled across the 25-year-old cask of wine spirits and created Fundador.

Carlos I Solera Gran Reserva brandy will celebrate its centenary in 1992.

With the brandy business proving every bit as successful as the sherry business, in 1892 Pedro Domecq introduced a more refined brandy, even smoother and richer than Fundador—Carlos I. This brandy is aged in a 100-year-old solera system and therefore contains a small amount of 100-year-old brandy. With worldwide sales exceeding 100,000 cases, it has become the company's flagship brand. In 1992, the year of Spain, grand celebrations will mark its 100th anniversary, including a special presentation of Carlos Imperial brandy to President George Bush at the White House.

Eight generations and almost two centuries after the founding of the House of Domecq, the bodegas in Jerez are still run by direct descendants of Pedro de Domecq-Lembeye. The company remains family owned and operated, and it continues the Domecq tradition by exploring new frontiers in the wine and spirits industry.

In 1972, José Ignacio Domecq, Sr., known in wine circles as "The Nose," and his son, José Ignacio, Jr. expanded the company's interests to the Rioja and began buying land in the region and planting vineyards. This foresight made Domecq the largest single vineyard owner in the Rioja and one of its biggest producers.

When the family first began planting, they ignored the local wine authorities and trained their vines on wires, which was illegal at that time. This system allowed for more ripeness in the bunches of grapes, gave better yields and a higher degree of acidity. Domecq was threatened with prosecution, but by the time matters came to a head so many other farmers had followed their example and put in wires that the authorities were forced to drop the case.

Today, Domecq produces more than 500,000 cases of wine per year, for consumption both at home and abroad. The Marqués de Arienzo line, named after one of the Domecq family titles, is rapidly gaining popularity in the United States.

José Ignacio Domecq Sr.'s brother, Pedro, was equally innovative and expansive in his outlook. In 1952, he left Spain to start out on his own in Mexico and established a booming brandy business as an affiliate of the Spanish company. He brought with him two and a half centuries of wine-making tradition and heritage, and introducing what is today the family's largest-selling single brand—a brandy named Presidente which sells over 6 million cases per year and is the largest-selling brandy in the world. 160,000 of these cases were sold in the United States in 1988, showing an increase of 20% from the previous year.

Pedro Domecq's son Michael represents another generation of Domecq imagination and entreprencurial determination. In 1981, he established the family's first United States affiliate, Domecq Importers, Inc., to import and market the products of Domecq Spain and Domecq Mexico, as well as other world class producers. Based in Larchmont, New York, the company has grown extensively in only eight years, and now boasts three

(CONTINUED ON PAGE 70)

The Andalusian Express—Spain's Luxury Hotel on Wheels

The Andalusian Express is an authentic 1920s train that has been restored to impeccable condition by the Government of Spain. The cars were originally built in France, England and Spain.

The vintage dining cars, the "Gibralfaro," and the "Alhambra," feature rich velvet brocade upholstery, silk curtains, sculpted Art Deco lamp shades and authentic gleaming brass luggage racks. Waiters are in black tie. Cuisine is regional Spanish emphasizing fresh seafood. The Bar Car, the "Giralda," built in France, is a romantic place that invites you to dance until dawn to live music. Adjacent is the Club Car, the "Medina Azahara," paneled in rich mahogany, resembling a private London Club, with leather-topped tables where you can chat with friends, sip a fine Spanish sherry, or watch films on the VCR. And if you must keep in touch with the outside world, the car also features a cellular telephone.

The sleeping cars are beyond compare—your choice of spacious suites with two lower berths, private shower and toilet facilities, plus large wardrobe and vanity; or deluxe double cabins, equally sumptuous, with upper and lower berths. The train also carries two beautifully appointed spa-quality shower cars, each containing ten private shower/dressing rooms.

There's even an exercise bicycle to work off the calories from the delicious desserts created in the Andalusian Express' own bakery car.

Choose from two itineraries.

In July and August, the Andalusian Express departs every Thursday from Barcelona, and every Saturday from Santiago de Compostela. This is a two-and-a-half-day, two-night trip, through the foothills of the Pyrenees Mountains and along the Way of St. James, the famous medieval pilgrimage route. You will stop to visit the most splendid Renaissance and Gothic towns on the Continent: Pamplona, Logroño, Burgos, León, and Santiago.

In May, June, September and October the train departs every Friday and Sunday from Seville, stopping to shop and sightsee in Córdoba and Granada, where you will visit the great Moorish monuments and palaces, the Mosque of Córdoba and Granada's Alhambra. You will spend one night and two days traveling on the train, departing the train in Málaga. If you choose the roundtrip itinerary, you will spend two nights on the train, and will also sightsee in Málaga, in addition to Córdoba and Granada, then return to Seville. If you wish, you may disembark from the train in Málaga, perhaps to spend a few days in the warm Mediterranean sun along the Costa del Sol, then reboard the train for the return leg to Seville.

The Andalusian Express can also put together for you an entire luxury vacation in Spain, including top hotels and resorts, and private-car transfers with English-speaking guides. Please let us know at the time you book the train.

For more information, reservations and a new 1990 24-page color brochure, call toll free nationwide at 1-800-992-3976 or, in Connecticut, 1-454-8916. ☐

High-Speed Trains: A New Era in Spanish Rail Travel

By Pancho Shiell

The decade of the 1990s marks the beginning of a new era in Spanish rail travel. Renfe, the Spanish National Railway System, is investing billions of pesetas in two different but related projects which are already under way.

Project one: high-speed trains. Under construction, at a cost of 50,000 million pesetas ($450.5 million) are 24 ultra-streamlined high-speed luxury trains that will cruise at 300 kilometers (186 miles) per hour.

The first high-speed route, Madrid/Seville, is scheduled to begin operation in early 1992, in time for Seville's Expo '92. The new trains will make the trip in 2 hours 45 minutes—less time than flying, when you consider travel time to and from airports and boarding time.

This new service should increase the Madrid-Seville passenger load factor by 50% to 75%, according to Renfe's President, Julián García Valverde.

The second high-speed line will be between Madrid, Barcelona, and the French border (Portbou), with service beginning in 1995 or 1996. The Madrid-Barcelona trip will take only 3 hours. This will be Spain's first line with financial participation by the private sector.

Renfe is also planning high-speed service between Madrid and Lisbon and another line to the northwest French border at Irún, as well as construction of a 10-mile tunnel through the Guadarrama mountains for a line to Valladolid.

With these and other future high-speed routes, Renfe's trains will be in strong competition with domestic air and highway travel.

Since the tracks of Spain's railroad system are a different gauge from those of the rest of Europe, the accommodation of the new high-speed international trains will require the giant $8.9 billion ten-year project of laying new tracks to match the international gauge.

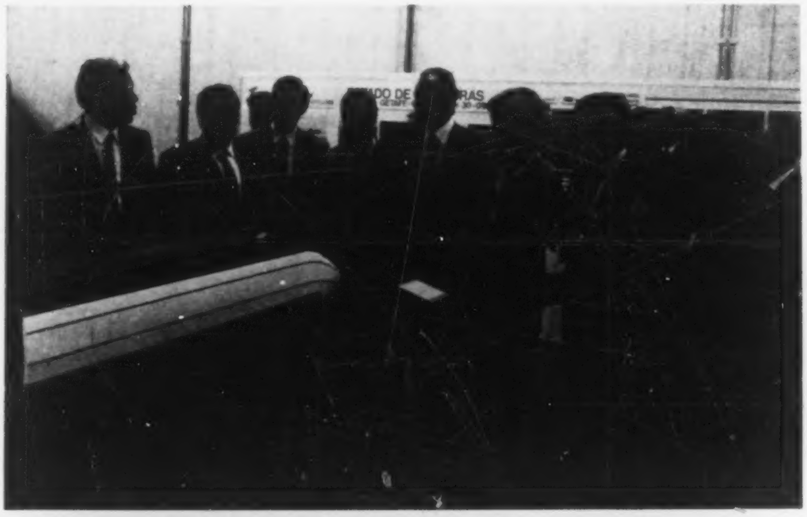
The present 1.668-meter gauge of the Spanish railway system resulted from an 1844 royal decree (the standard European rail gauge is 1.435 meters). Spanish engineers believed that because of the mountainous terrain of the country, wider tracks were advisable to enable steam locomotives to be equipped with larger boilers for more power. They were wrong, however, since it is the pressure that counts. That little ten-inch historical mistake has helped to isolate Spain from its neighbors north of the Pyrenees ever since. Spanish trains crossing the French border have had to be hoisted unto European-gauge chassis, and European trains have been unable to enter Spain. (A similar gauge difference existed between the northern and southern U.S. in the mid- 19th century).

The laying of new international-gauge tracks began last October for the Madrid-Seville line, at a cost of 260,000 million pesetas (about $2.34 billion) for that route alone. The exact route of the Madrid-Barcelona-French border line has not yet been determined, but the cost is estimated at about 500 million pesetas ($4.5 million) per kilometer.

The construction of new international-gauge tracks for various lines, a ten-year project, is already under way at the rate of 1400 kilometers annually and will require 26.3 million new concrete railroad ties at an average cost of $90 each. With the Madrid-Barcelona-French border line, high-speed Spanish trains will be able to zoom to and through the rest of Europe, and European trains will be able to enter and travel through Spain.

Although the new tracks are intended for Spanish and European high-speed trains, conventional domestic Spanish trains will be able to adapt to them without difficulty because of an ingenious system of adjustable axles named the JJM after its inventor, José Julián Mendoza.

A team of archeologists is surveying and excavating areas of the trajectories of the new tracks to insure prevention of damage or destruction of any known or unknown archeological ruins. In doing so, they have already discovered several previously unknown sites, including a Visigothic cemetery near Madrid, as well as columbaria (vaults lined with funeral urns) in the ancient city of Orippo in the province of Seville. ☐



José Barrionuevo, Spain's Minister of Transportation, shows a model of one of the new high-speed trains to King Juan Carlos I, Queen Sofia, and other dignitaries including Renfe president Julián García Valverde and the presidents of the regions through which the trains will run. Andalucia, Castilla-La Mancha and Madrid.

LEGAL

Stock Companies in Spain: New Regulations

Three new laws have been passed to bring Spain into compliance with the directives of the new European legislation affecting stock companies

By Miguel Jordana, Emma Costa and Mercedes Más

After incorporation into the European Community in 1986, Spain not only became a member of the Common Market but has also been obliged to introduce and observe the directives of the new European legislation affecting stock companies.

To accomplish this, three new laws needed to be passed during the last six months of 1989:

- Law 19/1989 of July 25, 1989: partial reforms of the Commercial Code as well as compliance with the directives of the European Economic Community.
- Royal Decree 1597/1989 of December 29, 1989 which approves the new Mercantile Registry Regulations.
- New Stock Companies Law 1564/1989 of December 22, 1989.

Due to those changes, the Law of 1951 relating to Stock Companies has been cancelled.

Considering all of the above changes, we have prepared the following summary outlining the present situation in Spain in reference to stock companies.

The preliminary direction of the changes is given by Law 19/1989, divided into 19 general articles, as follows: 4 dedicated to the Commercial Code; 8 to Stock Companies; 3 to Limited Liability Companies; and the remaining 4 to other matters, e.g., insurance, stock market, etc.

This legal body contains the basic ideas affecting Commercial Registry and Stock Companies, ideas which will be further developed through the above mentioned special laws affecting each subject.

I. Stock Companies Law

The Stock Companies Law is extensive and has 310 articles comprising 10 chapters. Following is a summary of the most important changes:

Social Capital. Following the regulations of the EEC Directives that established a minimum capital for Stock Companies of 100,000 ECUS, the capital for Spanish stock companies was established at Pesetas 10,000,000 (about $90,000), which must be subscribed completely and with at least 25% paid up.

A period of 18 months is granted to those companies with capital below those amounts to enable them to comply with the requriements.

The purpose of these substantial figures is to insure that this type of corporation will be used only for important business and industrial projects, and to exclude small businesses.

The legislators have tried to encourage the incorporation of a higher number of Limited-Liabilities Companies by establishing the minimum social capital in the amount of Pesetas 500,000.

Corporate Business Purpose. Article 9 requires the preparation of a more detailed decription of the stock company's business purpose.

Non-entity of the Stock Company. The new law has more detailed rules affecting the non-entity of a Stock Company and mentions four causes.

In the event the nullity of a company is declared, the liquidation period will be open, but, all the same, the proceedings will not affect the rights of the creditors against the company.

Acquisition of Assets by Purchase or Other Than Gratuitously. Article 41 of Law 19/1989 regulates on the necessity of approval by the Stockholders Board for all property acquaisitons made by the company within the first two years after incorporation when the value of the acquisitions exceds one-tenth of the social capital.

Company Stock. A new classification of stock has been introduced as well. Among them, there is mention of stock "class" and "series". Every class will have the same set of rights and every series will have the same nominal value within each class.

Stock Usufruct. The new law regulates stock usufruct more specifically. For example, before the passing of the new law, it was not clear whether or not a usufructuary was entitled to a corresponding share in the event of dissolution. New Article 68.1, Law 19/1989 allows usufructuary to demand from the nude owner payment of a share in the event of liquidation or dissolution of the company. In case of disagreement as to the value of the share, this will be decided by the corporate auditors.

Preferential Subscription Rights. In the case of usufruct of shares related to the preferential subscription rights, the new law establishes that these rights can be exercised by the nude owner first, and only in case of non-use or sale of these rights within ten days from the date the usufructuary became entitled to exercise preferential subscription rights.

Shares Without Voting Rights. An important innovation refers to stock "with no vote". As a result of an increase in absenteeism during General Stockholders

(CONTINUED ON NEXT PAGE)

MIGUEL JORDANA, EMMA COSTA and **MERCEDES MAS** are associated with the New York office of J. & A. Garrigues, of which Mr. Jordana is Managing Director and Resident Attorney.

STOCK COMPANIES IN SPAIN

(CONTINUED FROM PREVIOUS PAGE)

Meetings and the obvious lack of interest inparticipation in the business of the corporation on the part of its stockholders, legislators decided to create this new class of stock.

"No vote" stock cannot be issued for more than the nominal value of one-half of paid-up capital. The "no vote" stock would have right to vote only in the case of a modification of the company by-laws that could directly or indirectly affect the rights of this kind of stock. The agreement of a majority no-vote stockholders will be required in such a case.

Summons to General Stockholders Meetings. In the past, one-tenth of the paid-up social capital had to be represented in order to summon to general stockholders meeting, but the new law establishes as sufficient 5% of the social capital.

Increase of Social Capital. Important changes were made in reference to the rights to preferent subscription to new shares, allowing old stockholders to subscribe within the period allowed to them by the company. This period will not be less than one month from the time of the public announcement of the offer in the Commercial Registry Official Bulletin. The amount of stock for subscription will be proportional to the nominal value of the stock that they already own or those corresponding to Convertible Bonds.

When the best interest of the company demands it, when deciding improvement of the social capital, the General Stockholders Board could decide the partial or total supression of right to preferent subscription as long as it complies with the regulations of new Article 143.

The law does not allow right to preferent subscription when the capital improvement is a consequence of the conversion of obligations into shares or of the merger with another company or to the division of its partrimony.

Reduction of Social Capital. In the event of social capital reduction, the stockholders rights to preferent subscription will be respected when reducing the capital of zero value or under the allowed minimum.

The rights of creditors are also regulated as well as the protection of stockholders against discrimination.

Annual Report. Following the European Community Directives, Law 19/1989, in its chapter entitled "On Annual Reports", extensively reviews the Commercial Code.

The European Economic Community allows each member State to chose its own ways to adapt its legislation to that of the Community. The new law standardizes a certain necessary minimum of Community norms. The Community Directives allow the government to approve new Financial Regulations.

An effort has been made to allow certain flexibility in order for stock companies to adjust to the new community regulations.

Annual reports must now be more specific when providing certain information. For example, provisions listed in the balance sheet under "other provisions", when these provisions represent a value of some substance.

Certain omissions are allowed, however, when, because of their nature, they can represent serious damage to the company.

Annual Report Auditing. The annual reports revision and verification must be made by Public Auditors. Exempted from this obligation are stock companies authorized to prepare abbreviated financial reports.

In reference to the above, various important functions are assigned to the Commercial Registers. They are responsible for the authorization of the accounting books as well as for the designation of Public Auditors and the issuance of annual reports certifications. Nonfulfillment carries serious penalties.

The intent of the above regulations is to assure that the Commercial Registers will supervise and look after the economic and financial situation of the corporation. Also, for the proper filing of documentation and agreements to comply with the public freedom of information.

In the matter of annual reports, Law 19/1989 of July 12, however, regulates accounts auditing, a subject that has already been separately regulated by other Spanish legislation. This fact could create conflicts.

Change of Legal Structure. The new law has introduced some changes: only partners or shareholders who voted affirmatively for the change would be obliged by the new by-laws. This applies to any type of company whether stock company or limited partnership. The dissident stockholders and those who did not attend the General Stockholders Meeting will no longer be considered as belonging to the company unless, within a period of one month, they give written notice of adherence to the change.

Those Stockholders who, by virtue of this change, are assuming unlimited responsibility for the company's debts, will respond in the same way as they did in respect to debts before the change in the legal structure.

Merger. When adapting legislation in the matter of mergers of companies according to European Community Directives numbers 3 and 6, a series of new articles were passed that completely supersede the old 1951 law.

In case of mergers, the European Community Directives do not grant to dissident or non-attending stockholders the right to disassociate from the company.

It is also established that the stock of merging companies title to which is owned by any of the companies or by any person acting in his own name but on behalf of those companies, must be amortized and cannot be exchanged for stock of the absorbing company or of the new company resulting from the merger.

Segregation. This concept, implanted by the new law, is a novelty within the new Spanish Commercial Code, even though it has already been contemplated by the tax regulations. It must be noted that, in the case of partial capital segregation, the segregated or divided portion of the company patrimony must constitute one economic unit.

Liquidation. The new regulations establish new grounds for liquidation, including the total segregation of the company and the concept of reduction of capital below the minimum legal allowance.

Another new concept is that of the paralysis of the

(CONTINUED ON PAGE 70)

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STOCK COMPANIES IN SPAIN

(CONTINUED FROM PAGE 68)

company's Board that makes it impossible for the company to function.

Bonds. In this respect, the law of 1951 has not been modified. The only novelty is the conversion of bonds into company stock.

II. Mercantile Registry

A he following is a brief summary of the changes and additions introduced by Royal Decree 1597/1989 of December 29, 1989, which approves the new Commercial Registry Regulations.

As a result of the adaptation to the Community Directives, there has been a considerable increase in the number of legal persons subject to registration. At the same time, a new system for publication is established. Regulation of company operations was also modified, and this will affect the Commercial Registry.

The Law has even changed the institutional structure, placing the Central Commercial Registry at the top of it.

Due to the wear and tear on public records, an innovation was introduced: the suppression of exhibition.

Title II regulates the registration of companies, giving special attention to company agreements and the faculties of certification. The structure of representation and administration agents within the the corporation are also newly regulated as well as the detailed treatment of increase and reduction of the social capital, mergers and segregation. Also, new regulations have been created for the reporting of certain entities being registered for the first time.

The Regulation of 1956 only listed the necessary circumstances for each act or contract in order to be registered and from these circumstances the content of the public deed was deduced. The new regulation treats separately the circumstances of the document and that of each particular entry.

Title III describes the new functions of the Commercial Registers, some of which have been already mentioned above.

In reference to company records, two new regulations have been introduced: the creation of a Book of Legalizations on which operations will be recorded and, in order to secure the authenticity of those operations, the system of mechanical perforation. The new rules are now more rigid in the matter of legalization of the Records Book.

The choice of Auditors does not present any difficulties since they are registered in the Auditors Registry, but the choice of independent experts is made difficult by the variety and complexity of the subjects of expertise. To solve this problem, the new law entitles the Ministry of Justice to issue strict norms for the licensing of experts in various fields.

A new responsibility of the Registry relates to the safekeeping and publication of records, procedures that differ from the formal publication only by the acceptance of modern methods of filing and reproduction.

Title IV, the last one, refers to the functions of the new entity, the Central Commercial Registry. It will be responsible for the gathering in their archives of all information related to records inscribed in all territorial registries throughout the country in order to facilitate the search for records, particularly in those cases where the addresses are unknown.

Besides facilitating the search of records, the Central Commercial Registry will have two other important functions. The first one will be the certification of names and trademarks so as to facilitate compliance with legal requirements. Its second function will be to publish the Commercial Registry Official Bulletin, the key public information instrument as directed by the Community.

The purpose of all of these changes and revisions is mainly to approach the Commercial Registry to the public as well as to incorporate modern and up to date technology. ☐

BANCO BILBAO-VIZCAYA

(CONTINUED FROM PAGE 27)

turn on Assets maintained at 1.34% and a Return on Shareholders Funds of 20.8%.

Additional Comments

The results for 1989 can be considered very good against a background of increased competition and the restrictions imposed by Government monetary policy in the second half of the year. A significant feature of the results is the extent to which the profits have been derived from ordinary banking activities.

Other income represents a relatively smaller element of BBV's results as compared with the (Spanish) banking sector in general. In line with the Bank's traditionally conservative policy, assets have been preserved in favor of higher income in the future. ☐

BANCO CENTRAL

(CONTINUED FROM PAGE 27)

their shares on the Tokyo Stock Exchange. The Tokyo Stock Exchange is one of the leading exchanges in the world the largest in the Far East.

Banco Central S.A., established in 1919, together with its subsidiaries and affiliated companies is one of the largest financial and economic institutions in Spain. Banco Central S.A. is also one of the 100 largest financial institutions in the world, with direct operations in twenty-three countries. ☐

DOMECQ IN AMERICA

(CONTINUED FROM PAGE 64)

growing brands in a generally declining spirits market: Carlos I brandy, Presidente brandy, and Tequila Sauza Conmemorativo from Mexico, a brand that Domecq has pushed into a leading position as the second fastest growing brand in the United States.

Domecq in Spain is a household word. Assisted by the increased interest in Spain and Spanish products as we approach 1992, Michael Domecq seeks to achieve this fame in the United States. With an advertising budget exceeding $3 million, an aggressive public relations firm and a dynamic sales team, Domecq Importers is moving into a forefront position in the wine and spirits industry.

As Europe breaks down its ancient barriers, and international trade soars to its highest peaks in history, how will the charm and originality of these cultural traditions be retained? You can reflect on this question for many hours while savoring the smoothness of a glass of Carlos I. ☐

E.C. Proposes Rules of Origin

"The E.C. states that these rules should be based upon the *last substantial transformation* criterion as laid down in the CCC's 1973 Kyoto Convention."

On February 14th, the European Community submitted a proposal for an agreement on the principles of rules of origin to the General Agreement on Tariffs and Trade (GATT) for the Uruguay Round.

The E.C. states that these rules should be based upon the *last substantial transformation* criterion as laid down in the Customs Cooperation Council's (CCC) 1973 Kyoto Convention, "The International Convention on the Simplification and Harmonization of Customs Procedures." This Convention has already been accepted and applied by the Community and certain of its major trading partners. The Community is therefore insisting that *all* contracting partners of the GATT subscribe the relevant part of that Convention, Annex D1.

Annex D1 lays down a framework of origin rules stipulating that in those cases where two or more countries have taken part in the manufacture of a product the country of origin is the one where the last substantial transformation has taken place. The Convention recommends that the last substantial transformation criterion can be expressed by a change of tariff heading criterion and/or a list of manufacturing or processing operations and/or an added value criterion.

The proposal submitted is based on the following principles:

Non-discrimination: Origin rules shall be identical for imported and exported products and they shall not discriminate between Contracting Parties.

Neutrality: Origin rules shall be neutral and technical in nature and should not be adapted to specific purposes.

Transparency: Commercial operators and administrations must be informed about rules of origin and their interpretation applied by the Contracting Parties. To this end Contracting Parties shall in form the GATT Secretariat about their origin rules. In the event that for the applicatio of the rules of origin, interpretative regulations become necessary, such regulations shall be published before their entry into force.

Predictability: When commercial operators are in doubt in respect of the origin status of one of their products, they should be given the right to seek information and to obtain binding replies within a reasonable period. To this end, Contracting Parties shall issue upon request of an exporter or importer binding assessments of the origin status of a product. Requests for such assessments shall be accepted even before trade in the product concerned begins. Such assessments shall remain binding as long as the conditions under which they have been decided (production process, tariff classification, value etc.) remain comparable.

Consistency: Contracting Parties shall respect a consistent approach based on the origin conferring criterion of last substantial operation in the application of the origin rules and avoid decisions diverging from former attitudes and from established principles.

Legal Certainty: Contracting Parties shall subscribe to the principles that all interpretative decisions may be challenged before a judicial authority of the issuing country.

Applicability of origin rules: Origin rules shall be applied equally for all non-preferential purposes including: measures and instruments of commercial policy, like anti-dumping measures and other purposes, such as statistics, public procurement, etc. The application of Most Favored Nations (MFN) treatment shall be considered as a non-preferential purpose.

Dispute settlement: As far as the principles mentioned above are concerned the dispute settlement procedure referred to under GATT article XXII and XXIII shall be applied.

The Community proposal is related to non-preferential rules of origin. Preferential origin rules embodied in specific instruments, such as the General System of Preferences (GSP), normally reflect the specific requirements of that preferential trade.

Once the above principles are established, the CCC should have the responsibility to deal with technical questions concerning the interpretation of non-preferential origin rules on the basis of the existing criterion of last substantial operations, and in particular:

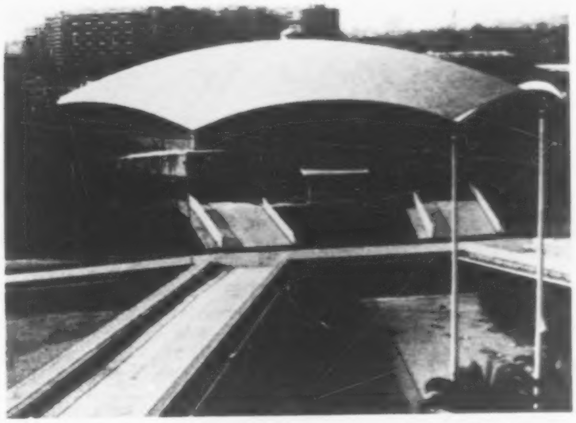
- studying the possibility of approximation of existing origin rules using the Kyoto Convention as a basis;
- developing approximation of new interpretations of origin rules;
- examining any possible additional provisions (such as development of explanatory notes) which could be helpful for the interpretation of the notion of the last substantial operations.

For all these purposes, a CCC Origin Committee should be established in which consultation and cooperation concerning the technical aspects of origin rules could take place and to which all doubtful cases could be referred.

The result of this work should then be laid down in a binding instrument.

At present, the Community has clear published rules on origin which it has interpreted and applied in a transparent and neutral manner for many years. Furthermore, the Community applies the same criterion for whatever purpose is needed.

The Community looks forward to a constructive negotiation and will contribute fully to a successful result which will meet the interests of all parties and create greater transparency and predictability for international trade. ☐



Among numerous sites which will be used for individual sports during the 1992 Olympics in Barcelona is the 6000-seat Blaugrana 1 Hall, where judo events will take place.

BARCELONA OLYMPICS: BIG BUSINESS

(CONTINUED FROM PAGE 37)

Barcelona Games will be the second Olympic event of 1992, the first being the Winter Olympics). TOP-2 is promoted by the International Olympic Program and represented by the U.S. company I.S.L.

TOP-2 has the responsibility for attaining COOB's goal of at least 15,000 million pesetas (about $600 million) for the sale of everything having to do with the logo and the mascot. The TOP-2 sales program is worldwide in scope, and its strategy closely relates a subscribing company with the Olympic games and at the same time allows the continuity of the Olympic movement itself. Through this program, products are identified with the Olympics, with business enterprises interested in their commercialization.

In accordance with an agreement with Albertville, scene of the 1992 Winter Olympics, COOB will receive more than 33% of total sales. The program creates three categories, depending on the level of exclusiveness or the type of product. The first is the "green" category, and the companies competing for selection in this class will enjoy so-called world exclusivity. In the second category, "orange," exclusivity is also worldwide, but only when the agreement reached with the company is better than that which an Olympic organizing committee can reach within its own country. The third or "red" category includes all products which are sold on a national level, according to the criteria of the corresponding organizing committee.

The First Agreements

COOB has already reached important sales agreements with some companies. They are of different types and designate the company in question as a cooperating member, a provider, a patron, or a licensee. Each of these categories is distinguished by the varying obligations of the signers and the level of collaboration required.

In order to be a collaborating member, for example, a deposit of at least 2,500 million pesetas (about $22.5 million) is required; this is the maximum category. Six companies have already signed in this category, guaranteeing various essential services for the organization of the games: IBM, information technology; Banesto, official bank and insurance agency; Seat, Volkswagen and Audi, providing cars and the Olympic volunteers program; Alcatel, implementing the project of international information through the communications media; Telefónica, telecommunications; and Xerox, photocopies.

For patrons, the deposit is reduced to 500 million pesetas (about $4.5 million). In this case, the signing enterprise incorporates the image of the Games into its communications strategy. Seat is an Olympic patron in exchange for financing the the program of volunteer training. A patronage agreement has also been signed with EDS-KPGM, a software firm which guarantees the recording and distribution of the results of the competitions.

An investment of 150 million pesetas (about $1.35 million) is required of providers. A providing firm is one which contributes goods and/or services required for the proper organization of the Games. To date, they are: Compugraphic (typography), Apple (computers), Calcul i Gestio (management software), Intelsa-Ericson (switchboards), Teletra (radiocommunications equipment), Amper (telephones and peripherals), Semametra-T&G (operations management software) and Entel (information management software).

A licensee is a company that is allowed to utilize the symbols of Barcelona-92 to market specific products through sales agents, whether in the area of Spain, Europe, or worldwide. In this lowest-price category, COOB forecasts the concession of 120 licenses to companies in the toy, stationery, gadget, writing instruments, etc. sectors, with a catalog of more than 500 products that will display the mascot conceived by Javier Mariscal and the logo by Josep Maria Trias.

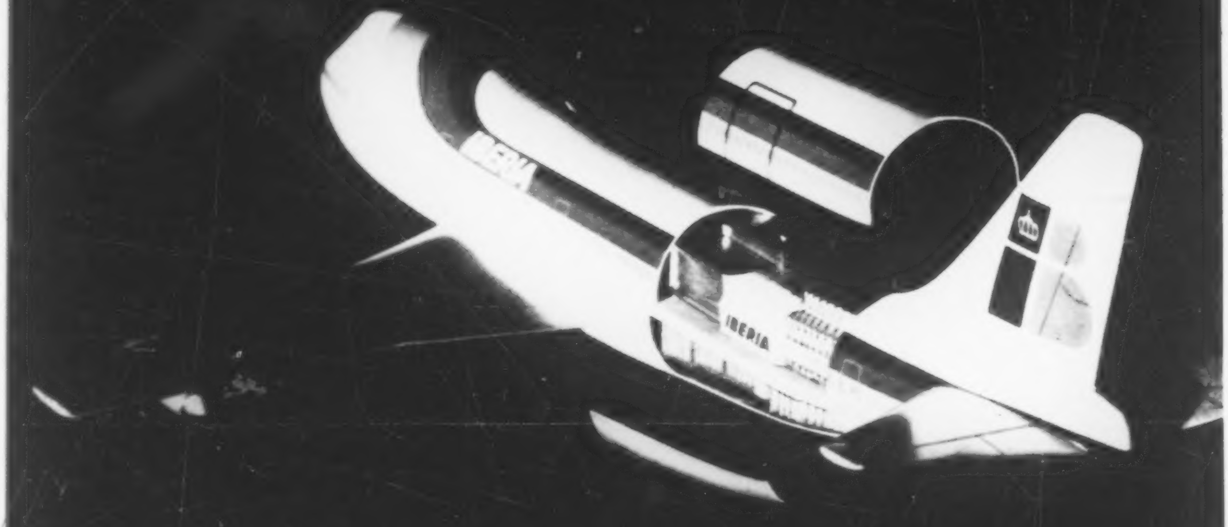
Other Beneficiaries

From the merely monetary point of view, unquestionably the Games will represent a formidable business. No sports organization today would consider undertaking such an effort without a guarantee of total success in that area. The cases of Los Angeles, and to a lesser extent of Seoul, are illustrative of that fact. And although Barcelona-92 is not moved by the need or the ambition to display a balance sheet with an array of zeroes in every figure, it is clear that the city and its people expect this to be an excellent deal.

Aside from the more evident benefits of the Olympic project (the strengthening of a generous attitude toward sports, the building of facilities, organic improvements, renovation of the maritime front, enlargement of the airport, etc.) something more ethereal should be pointed out, something which guarantees better telecommunications in the future: the Collcerola tower. Because of its technological endowment, Barcelona will be much better related to the rest of the world. The tower will have an optical fiber cable network which will link all citizens, as well as a telephone network with adequate capacity to absorb present needs without difficulty.

The reliance on technology represents one of the first decisions of COOB, the paradigm of what the Games should be at the brink of the 21st century. Technology equals progress, and Barcelona is trying to enter the final decade of the millenium with conditions equal to those of the important cities of the western world. ☐

IBERIA'S NEW SPACESHIP



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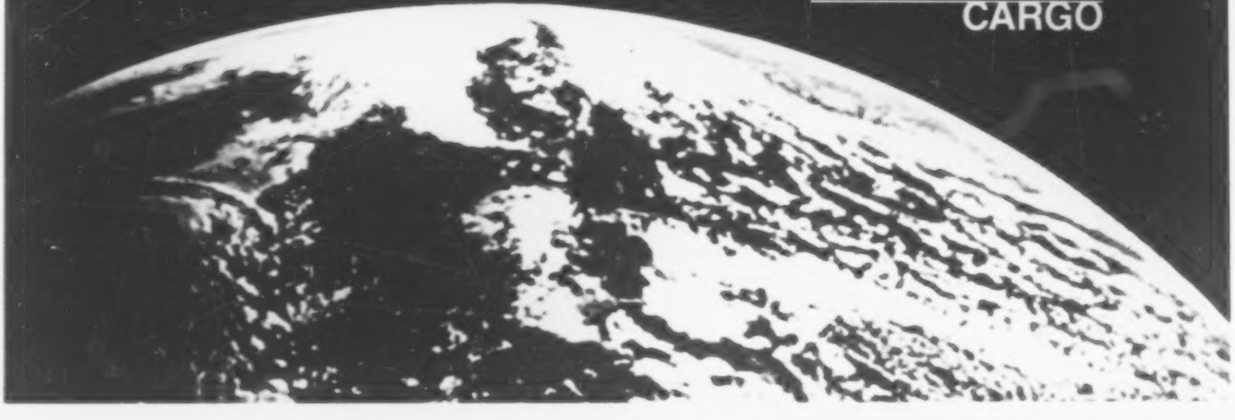


ART

The Impact of Catalan Art on the United States

Three innovators, Picasso, Miró and Dalí, among others from Catalonia, shaped the early development of modern art in America.

By Sandra Kraskin

In the United States, Catalan art is virtually synonymous with modern art, particularly the work of Pablo Picasso, Joan Miró and Salvador Dalí. These three innovators, among others, comprised the "first vanguard" from Catalonia, and their work shaped the early development of modern art in America.

Picasso was the "god" of an entire generation of young Americans. In the 1930's, these American artists frequently borrowed Picasso's cubist structure and Miró's organic forms. The floating biomorphic images, painted by Miró, presented a prototype for the "kidney-shaped" forms that occur repeatedly in the early work of Arshile Gorky and Willem de Kooning.

Many American artists who were too young to have seen the "International Exhibition of Modern Art" (Armory Show) in New York in 1913 saw the work of Picasso and Miró in 1926, at another "International Exhibition of Modern Art" sponsored by The Société Anonymé at The Brooklyn Museum. A year later, A. E. Gallatin opened his Gallery of Living Art in the South Study Hall of New York University at Washington Square. He acquired Miró's *Dog Barking at the Moon* in 1929 and Picasso's *Three Musicians* in 1936. Undoubtedly the members of the American Abstract Artists group, as well as other young artists, visited his gallery to study the paintings of the Catalan masters.

The Museum of Modern Art opened in 1929, providing additional opportunities for American artists to study the work of Picasso and Miró. In 1936, the Museum's exhibition, "Cubism and Abstract Art," featured the work of Picasso and included five works by Miró. *Catalan Landscape (The Hunter)*, 1923-24 by Miró was exhibited in 1936 in "Fantastic Art, Dada, Surrealism" at The Museum of Modern Art, and this painting, purchased by the museum, became an important addition to the cultural landscape of New York City.

In 1939, Alfred H. Barr Jr., director of The Museum of Modern Art, organized a retrospective, "Picasso: Forty Years of his Art," which allowed American artists to become familiar with a much broader range of Picasso's work. A retrospective exhibition of Miró's work opened at The Museum of Modern Art in 1941. In his paintings, Miró invoked the automatic method used by the Surrealists to record their unconscious fantasies—an approach adopted by the American Abstract Expressionists in the 1940s.

Salvador Dalí's work was also exhibited at The Museum of Modern Art and helped to introduce Surrealism to American artists. Dalí's "Dream of Venus" pavilion astounded visitors to The New York World's Fair in 1939 and 1940; there Dalí created a surreal environment with a 30-foot glass and steel tank filled with water, an underwater "dream house" and diving women.

The Baruch College Gallery recently exhibited 11 Catalan painters and sculptors who represent the "second vanguard": Xavier Corberó, Modest Cuixart, Josep Guinovart, Joan Hernàndez-Pijuan, Marcel Martí, Joan Ponç, Cuixart and Tharrats formed the avant-garde group, Dau al Cet (Seven on the Die) in Barcelona. Named after a phrase borrowed from André Breton, this group of young artists reinterpreted the abstract surrealism of Miró.

Antoni Tàpies had a retrospective exhibition at The Solomon R. Guggenheim Museum in 1962. He is well-known for his expressionist accumulation of textures, which often transformed his painted surface into relief.

During the recent visit of H.E. Jordi Pujol, President of the Generalitat of Catalonia, an agreement was signed under which Catalonia will sponsor an exhibition of the work of Tàpies at the Museum of Modern Art in New York. The exhibition will include 80 prints and book illustrations from the 1940s to the present. ☐

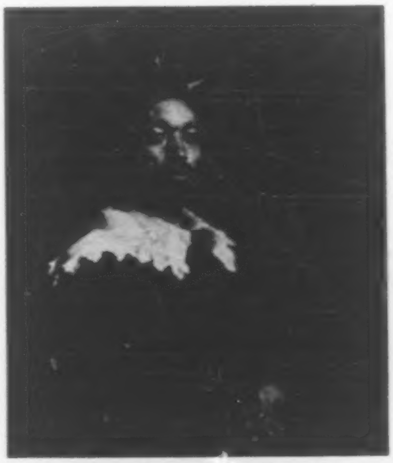
SANDRA KRASKIN is Director of the Baruch College Gallery.

The Prado's Once-in-a-Lifetime Velázquez Exhibition

By Pancho Shiell

The most complete collection ever of the works of the great Spanish artist Velázquez—79 paintings—has been on exhibit at Madrid's Prado Museum through March 30.

The exhibition was a dream come true for Prado Museum director Alfonso Pérez Sánchez, who said "This is the most momentous event in the entire history of the Prado, and a singular and once-in-a-lifetime milestone." Never had such an accumulation (80% of the artist's total works painted during his 40-year career) been brought together in one place. Over 800,000 visitors were estimated to have viewed the exhibition, which was



Velázquez' portrait of his servant, *Retrato de Juan Pareja*, one of the "stars" of the Prado's exhibition.

under the sponsorship of Banco Hispano Americano.

The Prado's "*Velázquez Total*" ("All Velázquez") exhibition included 34 of the 38 paintings that were brought together for a recent exhibition at New York's Metropolitan Museum of Art, and subsequently shipped to the Prado. Of them, 17 had been on loan from the Prado, others were lent by museums and private collectors in the United States and abroad, and two are from the Metropolitan's own permanent collection.

Pérez Sánchez said that rather than waiting for 1999, the fourth centennial of birth of the artistic genius from Seville, Diego Rodriguez de Silva y Velázquez (1599-1660), the Prado took the opportunity of the Metropolitan's initiative and efforts in successfully assembling the paintings for the New York exhibition, in order to combine them with the Prado's permanent collection of 50 Velázquez masterpieces. He added that without the Metropolitan's collaboration, the Prado's Velázquez exhibition would have been difficult or almost impossible to match in the future, in terms of quality and quantity. In addition, the Prado exhibition included works on loan from museums in Boston, Dallas, London, Edinburgh, Munich, Rouen, Vienna, Seville, Valencia, Barcelona and Orihuela.

Among the many "stars" of the exhibition was Velázquez' portrait of his servant, *Retrato de Juan Pareja*. On loan from the Metropolitan, this is the *first time* this painting had ever been in Spain! (Velázquez painted it during his second trip to Rome, where it was exhibited and eventually acquired by the Metropolitan.) The famed and mysterious Rokey Venus (*Venus with Mirror*), was among the works on loan from the National Gallery of London. And, of course, the Prado's *Las Meninas*, ("The Maids of Honor"), unanimously considered by art critics to be Velázquez' greatest artistic triumph.

In accord with art connoisseurs, past and contemporary, French impressionist Edouard Manet, during a visit to the Prado in 1865, was overwhelmed by the masterpieces of Velázquez and wrote that he not only "a painter's painter," but also "the greatest painter that ever existed." □

CHAMBER NEWS

Jovita Burgaz

The Chamber Welcomes Representatives of Two Spanish Organizations

Jovita Burgaz represents the Madrid Chamber of Commerce and Industry, and Silvia Soto represents IFEMA in New York.

Silvia Soto

Jovita Burgaz

Jovita Burgaz, is a 24 year old Law graduate of the Universidad Complutense de Madrid who expanded her knowledge by taking courses in Foreign Trade at New York University and in Public International Law at the International Court of Justice in The Hague.

Her fluency in both English and French enabled her to be selected by the Madrid Chamber of Commerce to represent the interests of Madrid's businessmen.

During this year Ms. Burgaz will work in the offices of the Spain-U.S.A. Chamber of Commerce in New York as a Foreign Trade Advisor and thus be responsible for promoting Madrid's exports, finding trade opportunities between Spain and the USA and writing market research reports. These reports will deal with footwear, fashion, jewelry and the cosmetics field. □

Silvia Soto

Silvia Soto, IFEMA's representative in New York, graduated in Law in 1988 from the Universidad Complutense de Madrid, having also participated in several summer courses such as one on International Public Law at International Court of Justice at The Hague, and another at the International Institute of Human Rights in Strasbourg, France. In addition to Spanish, she speaks English, French, and Italian.

In 1989 Silvia Soto was assigned by The Madrid Chamber of Commerce to Tokyo, were she spent one year working as a Foreign Trade Adviser in the Commercial Office of the Spanish Embassy. Ms. Soto was responsible for determining markets to be studied, characteristics of each sector, interviewing members in each field, and writing market research reports, among other duties. She completed market reports on the Japanese leather garments market, fashion and design, small leather articles, and lighting fixtures.

Silvia Soto is now in New York promoting IFEMA, one of the most rapidly expanding Spanish organizations, and is ready to undertake any new challenges that may arise in IFEMA's newly opened Representative Office, located in the premises of The Spain-U.S.A. Chamber of Commerce in New York. □

BOOKS

Two International References Help to Facilitate Spain-U.S. Trade

By Jennifer Livingston

The outlook for U.S. business in Spain has never been better. The continued growth in domestic investment, the growth of Spain's overall economy, and the need to compete within the European Community should fuel demand for U.S. goods, services and investment in the coming decade.

In 1988, U.S. exports to Spain increased 28%, and even higher percentages are expected in the years to come. Spanish exports to the U.S. are also on the rise as Spain's production economy solidifies and labor forces are strengthened.

In addition, Spain's continued reliance on foreign technology and investment capital should ensure a liberal climate for international business in the future. This was evidenced by the recent clarification of the Spanish import licensing system in which the U.S. was assured that, for most product categories, there will be no import restrictions on U.S. goods.

Helping both U.S. and Spanish businesses take advantage of these growing opportunities are two comprehensive guides for international trade, the *1990 Official Export Guide* and the *1990 U.S. Custom House Guide*, published by North American Publishing Company in Philadelphia.

The *1990 Official Export Guide* includes a large section on the trade opportunities, restrictions and risks involved in exporting to Spain, including details on the Spanish import licensing clarifications. Documentation requirements, customs clearance and foreign trade contacts are reviewed, plus information about the Free-Trade Zones of Barcelona, Cádiz and Vigo.

The *Official Export Guide* also profiles 196 other markets, making it an indispensable tool for traders exporting anywhere around the world. For each country, the *Guide* provides marketing and shipping information, with profiles of the major air and sea ports.

This 1500-page volume contains the complete Harmonized Schedule B and the full text of the Export Administration Regulations, both of which are updated throughout the year.

For U.S. importers and overseas exporters to the U.S., the *1990 U.S. Custom House Guide* provides valuable assistance. The *Guide* includes accurate and up-to-date versions of the Harmonized Tariff Schedule and Customs Regulations to help traders with documentation and hassle-free clearance through U.S. Customs.

The 1800-page *Custom House Guide* also contains complete profiles of every U.S. and major Canadian port of entry and service provider listings to aid in shipping and logistics planning.

As the flow of trade between U.S. and Spain increases, reliable information will be at a premium. The *1990 U.S. Custom House Guide* and the *1990 Official Export Guide* can provide you with the help you need to benefit from the U.S.-Spain trade partnership.

For orders and information, call North American Publishing Company toll-free at 1-800-777-8074 or write to: North American Publishing Company, 401 North Broad Street, Philadelphia, PA 19108. ☐

NOTICIAS DE ESPAÑA

Autorizado un convenio que evitará la doble imposición con EE.UU.

El Consejo de Ministros celebrado el 9 de febrero aprobó un acuerdo por el que se autoriza la firma del convenio bilateral entre España y Estados Unidos, destinado a evitar la doble imposición de impuestos y prevenir, además, la evasión fiscal en los impuestos sobre la renta.

Según se ha informado desde el Ministerio del Portavoz del Gobierno, el acuerdo ahora aprobado habia sido solicitado por un número de empresas españolas implantadas en Estados Unidos, que han recibido y reciben un trato discriminatorio respecto a sus competidores extranjeros. El acuerdo aprobado en Consejo de Ministros sigue fielmente el modelo elaborado por la OCDE y resulta muy similar a los ya suscritos por España con la totalidad de los paises miembros de dicha organización.

Su aplicación afectará tanto a personas físicas como a sociedades españolas y estadounidenses que trabajan o mantienen abiertas filiales en el otro pais. ☐

Guinness Brewing International inicia campaña de publicidad en España

La multinacional irlandesa, Guinness Brewing International, acaba de iniciar su primera campaña de publicidad en España de la mano de la agencia Bassat, Ogilvy & Mather/Madrid. La introducción de Guinness se ha realizado mediante un acuerdo de importación y distribución con S. A. El Aguila. Los soportes empleados para la campaña son los diarios nacionales, suplementos dominicales, revistas y canales autonómicos de televisión de Madrid, Pais Vasco y Cataluña. Se trata de imágenes abstractas y sencillas, en las que la cerveza, representada por un circulo negro, es protagonista en cada original de una situación explicada en un texto muy breve. La frase común en todas ellas es «Guinness, la otra cerveza».

La campaña tiene un presupuesto total de 200 millones de pesetas y está dividida en dos ciclos; el primero dio comienzo en septiembre y llega hasta diciembre y el segundo de enero a marzo.

Los profesionales que atienden la cuenta son Begoña Cuesta, directora creativa; Angel González y Patrick Ferron, creativos; Leticia de Corral, directora de cuentas, y Jesús Valderrábano, ejecutivo. ☐

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Mercancia variada: Empresa gestora americana desea contactar con fabricantes, exportadores de zapatos, productos de cuero, joyeria, perfumes, hardware, materias primas, regalos, material de construcción, maquinaria agropecuaria, equipamiento hogar, recambios, ya sean nuevos o usados. WESMAR HOLDINGS LTD., 17 Norwood Avenue, Kingston 5, U.S.A. Tel. (809) 92-98424. Fax: 99286.

Plasticos, productos quimicos, fibras industriales: Empresa americana de marketing realiza estudios de mercado y servicios de desarrollo de mercados. ROBERT AUERBACH ASSOCIATES, 157 D Wilson Drive, Maple Shade, NJ 08052. Tel. (609) 667-7934.

Mercancia variada: Multinacional americana especializada en joint ventures, importación/exportación, inversiones directas desea contactar con empresas que quieran comprar o vender productos a traves de trueque (barter trade). PACIFIC INDUSTRIES INC., 9016 Wilshire Blvd., Suite 438, Beverly Hills, CA 90211 U.S.A. Tel. (818) 981-5164. Fax (818) 981-4729. Telex: 6731010 Pacific UW.

Patente en sistemas de purificación de agua: Empresa alemana con sucursal en EE.UU. busca distribuidor con contactos en el sector del riego y fontaneria. INTERMEWA GMBH, P.O. Box 1828, 2120 Lueneburg, Germany. Fax: 041-3143519. Tel. 041-31-4028-23. Contact Peter Mews, General Manager.

Concentrados de zumo de fruta, pimientos, perejil y cebolla deshidratada: Empresa americana desearia contactar con fabricante o agente. INTERNATIONAL DATA BASE CORPORATION, 61-12 Harrow Street, Forest Hills, NY 1375. Tel. (718) 520-0132. Fax (718) 793-1326.

FIRMS IN SPAIN OFFERING PRODUCTS OR SEEKING REPRESENTATION

Seed additives for animal feeding: Spanish firm seeks to contact American distributor and offers to joint venture. INDUSTRIAL TECNICA PECUARIA S.A., Attn. Francisco puchal. Trav. de las Cortes 161 entlo C. 08028 Barcelona. Tel. (93) 330-8861. Telex: 54237 ITPB-E. Fax: (93) 411-0219.

Marble and wine: Spanish import and export firm seeks to contact American firms. J. S. Trading Services, General Prim s/n. 30100 Cabezo de Torres, Murcia. Tel. 883-2820. Fax: 832820.

Stationary and office supplies include computer (computer programs for schools) and photocopy supplies: Spanish firm wants to act as agent of American firms. it also offers consultancy services related to trade. SOLID S.A., Attn. Rafael Puig., Alt. de Gironella 14 ent 2A, 08017 Barcelona. Tel. (913) 205-6415. Fax: (93) 205-6415.

Computer and photocopy supplies include screen filters: Spanish firm specialized in distributing these goods seeks to contact American firm. COMERCIAL 3 SC., Attn. José Maria Gonzalo Casero. Diaz de Mendoza 42 bis. 50009 Zaragoza. Tel. 560-0200.

Computer and photocopy supplies, diskettes for computers: Spanish firm is interested in importing and distributing office consumables. COMERCIAL COFESA S.A., Attn. Juan José Martinez. Bailén 17. 02006 Albacete. Tel. 239-8070. Fax: 239871.

Paints, synthetic resins, adhesives, waterproof additives, industrial and building products: Spanish firm provides these and technology to American companies, in order to elaborate its own products and design. MIXTANE J. PUCHE. Attn. J. E. Puche. Actor Llorens 30. 4602 Valencia. Tel. 369-3478. Telex: 64267 RCD. Fax: 361-9425.

Hydromassage baths, small swimming pools, showers, sinks, water closets, water tanks: Spanish firm seeks a representative or distributor in the U.S.A. SUSA S.A., Ctra. Viver. Puerto Burriana 18. Onda. Castellon. Tel. (964) 603212. Telex: 65584 zaka e. Fax: 604222.

Toiletries and Chemists: Spanish firm seeks to contact American importers/exporters. ALBI PRODUCTS, Attn. Alberto Eskenazi. Joan Gamper 27. 08014 Barcelona. Tel. (93) 230-6666. Telex: 93711 TL CC. Fax: (93) 410-9046. Cable: PRODALBI-Barcelona.

Giftware, sportswear: Spanish firm seeks to import from American firms. LANVYE S.A., Attn. Luis Osvaldo Vargas. Miguel Motos 2. 3-1A. 18003 Granada. Tel. (958) 207087.

Brokerage: Spanish firm seeks to contact American firms to invest in Spanish companies. TRANSBROKERS S.A., Attn. Josep M. Romances. Milanesado 21. 4. 08017 Barcelona. Tel. (93) 203-6554. Fax: (93) 334-0572.

Fabrics, cars, electronics: Spanish firm seeks to represent American firms. TRAVICO S. L., Attn. M. Trabal. Trav. de les Corts entl 3. 08028 Barcelona. Tel. (93) 330-6413. Telex: 98476 DITT E.

Pavements, ceramics, construction materials: Spanish firm seeks to contact an American representative or distributor. VIVA S.A. Partida Sales s/n. 12200 Onda, Castellon. Tel. (964) 603212. Telex: 65584 zaka e. Fax: (964) 604222.

Inorganic chemicals, biological products, organic medical chemicals, industrial organic chemicals: Spanish firm seeks to contact American suppliers of chemical products for the cosmetic and pharmaceutical industries. C.D.G. S.A., Attn. Carlos Sanjuan. Avda. Dr. Moragas 149. 08210 Barbera del Valles, Barcelona. Tel. (93) 719-0611. Telex: 93627.

Fresh and frozen seafood: Spanish import/export firm seeks American firm that wants to import shellfish, and looks for American partner to invest in the operation. COMERCIAL ANTONIO INC., Ronda Universidad 21 4° G 08007 Barcelona. Tel: (93) 412-5196. Fax: (93) 412-5195.

LP records and compact discs: Spanish firm seeks American suppliers particularly of limited editions and live concerts. TRANSDISC, Attn. Montserrat Mule. P.O. Box 434, 08190, Sant Cugat del Valles, Barcelona. Tel. (93) 674-8318; Fax: (93) 727-0719.

Shipping agency, charters and forwarders: Spanish firm seeks to cooperate with American firm, even in joint venture. GRUPO ALAMAR. Apdo 334. Tarragona. Tel. (77) 220715. Fax: (77) 217854. Telex: 56605 rine e.

Real Estate: Spanish firm seeks American firm or individual wishing to invest in the South of Spain. CRUZEXPORT. Attn. Manuel Cruz. Apdo Correos 226. 11500 Puerto de Santa Maria. Cádiz. Fax: 872124.

Fishing hatchery: Spanish firm exports fresh Sparus Aurata, Dorade Royale, Gilt Head Bream. ESPERANZA SIGLO XIX A.A., Attn. Florencio Molinero. Cristobal Colon 1 Dpdo 4° A 11005 Cadiz. Tel. 956) 262161. Fax: (956) 258709.

Cold-storage plant: Spanish firm offers one for freezing, conserving, maturing and refrigeration of all sort of food. ALBATROS S.A., Attn. J. G. Restrepo. Manuel Calvo 30. 48920 Portugalete. Tel. (94) 495-5563. Telex: 31942 ALBT E. Fax: 4950081.

Chemical, mechanical, electronics, textile: Spanish firm seeks American firm wishing to create a distribution and manufacturing centre of its own production. CONVECTRONIC SILFER. Attn. Fernando Gallego. Maestro Bonet 21. 12530 Burriana. Castellon. Tel. (964) 510696. Fax: (964) 511506.

Plywood: Spanish firm seeks American representative. MADERAS BODELON. obispo Inocencio Rodriguez 41. 203706 Leon. Tel. 202962.

Shirts, cardigans, blouses, women's coordinating outfit: Spanish firm seeks to contact American importers. CALISTEO. Attn. Miguel Varea. Ntra. Sra. del Rosario 6. 98788 Vilanova del Cami. Barcelona. Tel. (93) 804-1322.

Electronic components, batteries: Spanish firm seeks to import American electronic components, silicon waffers, thermal batteries and saphire substrates. LAZ REPRESENTACIONES S.A., Attn. Antonio Larrea. Goya 115 of 507. 28009 Madrid. Tel. (91) 4026086. Fax: (91) 402-8724.

Oilseed extracting machine: Spanish firm seeks to contact American supplier. COMERCIAL AGRARIA HNOS LUCENA. Attn. Ramón Lucena. Ctra. de Montalbán Km 1,7. 14540 La Rambla. Córdoba. Tel. (957) 684447. Telex: (957) 684674.

Poultry-eggs, game meat: Spanish firm offers these products. Contact PRODUCTOS AGRICOLAS GUERRA S.A., Attn. Amador López. Industrias s/n Poligono Urtinsa. 28925 Alcorcón. Madrid. Tel. (91) 641-5813.

BUSINESS OPPORTUNITIES OPORTUNIDADES COMERCIALES

FIRMS IN SPAIN OFFERING PRODUCTS OR SEEKING REPRESENTATION

Chocolate, vinegar, sauces, wine, spirits: Spanish firm offers these goods. LOPEZ MOLTO S.A., Attn: Julio Monedero; López de Hoyos 190, 28002 Madrid; Tel: (91) 416-9257; Telex: 42556; Fax: 415-6660.

Foodstuffs: Spanish firm offers these products. Contact INTERNACIONAL PROMOTORA DE COMERCIO EXTERIOR, Attn: Eloy Ramirez, Serrano 63, 28006 Madrid. Tel: (91) 275-7406.

Foodstuffs: Spanish firm offers these products. GREXCORP INTERNACIONAL, Attn: José Gisbert Velázquez 59, 28001 Madrid; Tel: (91) 431-0815; Telex: 43105; Fax: (91) 431-1154.

Foodstuffs: Spanish firm offers: FEBING S.A., Attn: Juan Antonio Feberero Huesca 21, 28020 Madrid; Tel: (91) 279-8006; Telex: 46340.

Frozen fish and shellfish: Spanish firms offers: CONGELADOS KRUPEMAR S.A., Attn: S. Lo. Astorga 2, P.I Cobo Calleja, 28940 Fuenlabrada, Madrid; Tel: (91) 690-5699.

Cheese: Spanish firm offers: LA CENTRAL QUESERA S.A., Attn: Gaspar de Vicente, Ctra de Vicálvaro 6, 28022 Madrid; Tel: (91) 741-9200; Telex: 44493 COSA.

Garlic, onions: Spanish firm offers: S.A.T SAN JULIAN, Attn: Jose Suarez, Borreros 13, Las Pedroñeras, Cuenca; Tel: (967) 160070.

Vegetable oils: Spanish firm offers: ACEITES DEL SUR S.L., Attn: J. R. Guillén Prieto, Jacometrezo 4, 18013, Madrid; Tel: (91) 5218758; Telex: 42296 ACESA.

Canned fish: Contact CENJASA S.A., Attn: J. Heeren, Garcia de Paredes 76, 28010 Madrid, Tel: (91) 3197041.

Biscuits: Contact LOSTE-BAHLSEN S.A., Attn: Pascal Jongen, Estébanez Calderón 3 6°B, 28020 Madrid; Tel: (91) 270-6500.

Bottled wines: Contact COSECHEROS ABASTECEDORES S.A., Attn: J. S. Hueso Montón, Santa Leonor 65, 28037 Madrid; Tel: (91) 204-3240.

Building materials: Contact COSECHEROS ABASTECEDORES S.A., Attn: Nabil Mohamed, Joaquin Blume 18, Móstoles, Madrid; Tel: (91) 618-1679.

Building special products (roding, tamis coating . . .): Contact COMPOSAN S.A., Attn: I. Bove, Cedaceros 4, 28012 Madrid; Tel: (91) 2226490.

Asphalt products: Contact PRODUCTOS BITUMINOSOS S.A. Poligono Industrial Las Arenas Ronda 9, Pinto, Madrid; Tel: (91) 691-0550.

Sponges, perfumery products: LA GRIEGA CASA E. KORONIS S.A., Attn: Jorge Koronis, Bronse s/n P. I. Finanzauto, 28500 Arganda del Rey, Madrid; Tel: (91) 871-0462.

Indoor sign and signal systems: Contact ROTULOS AYLLON S.A. Y LETRAYON S.A., Attn: Manuel E. Jiménez, Sta. Basilia 10, P. I. Alcobendas, Madrid; Tel: (91) 651-6100.

Synthetic resins: Contact RESINAS Y COLOFONIAS MODIFICADAS S.A., Attn: Francisco Carreño, Mejia Lequerica 1-3°, 28004 Madrid; Tel: (91) 319-0752.

Lambskins: Contact IBEROPIEL S.A., Attn: Bernardo Zshciesche, Alfonso Gómez 31, 28037 Madrid; Te[illegible] (91) 204-3315.

Leather articles[illegible]ntact GRUPO EUROPEO DE LA PIEL, Am[illegible] de los Rios 6, 28010 Madrid; Tel: (91) 3[illegible]5.

Books: Contact NUEVAS ESTRUCTURAS S.A., Attn: José Latorre, Navarra 37, 28030 Madrid; Tel: (91) 450-2494.

Wallpapers: Contact DIRMURA S.A., P. I. Urtinsa, Las Fábricas s/n, 28925 Madrid; Tel: (91) 641-2712.

Embroideries: Contact BORDADOS UNIDOS S.A. Coslada 8 bajo dcha, 28028 Madrid; Tel: (91) 256-1015.

Clothes: Contact M. C. EXPORT TRADING S. L., Joaquin Blume 18, Móstoles, Madrid; Tel: (91) 618-1679.

Sport knitwear (cotton), pret-a-porter knitwear (cotton): Contact DISEÑO 4 S.A., Rufino González 14, 28037 Madrid.

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ULTIMA PAGINA

La Europa del '92

"Lo cierto es que los países integrantes de la Comunidad Europea se van a tener que enfrentar a una nueva realidad, con unas normas nuevas en que la mayor competividad va a ser el común denominador."

por Luis Fidalgo

Los tres próximos años van a ser decisivos para la conformación de lo que puede y debe ser la nueva Europa. 1992 se ha erigido en una fecha mítica en la que, teórieamente debería ponerse en practica un mercado único en el que hubieran desaparecido las trabas aduaneras, las restricciones financieras y el libre movimiento de capitales. Una Europa en la que no hubiera diferencias notables de tratamiento fiscal entre unos y otros países, en el que el movimiento de trabajadores fuera realmente libre, y en el que las políticas económicas y los proyectos de investigación fueran verdaderamente conjuntos.

Pero, sin renunciar a la utopía, la realidad es, de momento, notablemente más tozuda, menos nítida y, desde luego, menos solidaria.

Se pretende poner en práctica una verdadera unión monetaria, que permita la creación de un banco central europeo al estilo de la Reserva Federal de Estados Unidos, o la fijación uniforme de tipos de cambio y políticas económicas y fiscales uniformes. Y, sin embargo, el Reino Unido, por ejemplo, ni siquiera forma parte del actual Sistema Monetario Europeo.

Existe un proyecto tecnológica e industrialmente puntero en Europa, como es el consorcio Airbus—el único capaz, en estos momentos, de hacer frente al predominio tradicional de Estados Unidos en este terreno—y también el Reino Unido, que es, además, uno de los socios en el consorcio, opta por adquirir aviones norteamericanos para su compañía aeronáutica estatal. Son tan sólo algunos ejemplos que ilustran bien a las claras el todavía difícil y tortuoso camino que tiene que recorrer la Europa del próximo siglo.

Pero, con mayores o menores retrasos, lo cierto es que los países integrantes de la Comunidad Europea se van a tener que enfrentar a una nueva realidad, con unas normas nuevas en las que la mayor competitividad va a ser el común denominador. Una nueva situación en la que la caída de los escudos protectores con los que iban defendiéndose la mayoría de los países será prácticamente total, y en la que los menos preparados, los económicamente menos potentes, serán quienes, sin duda, recibirán el mayor impacto.

Y es aquí donde España, un país todavía en desarrollo, económicamente modesto—la revista *Business Week*, en esa abstracción tan propia de los norteamericanos, calificaba a España como uno de los países «más pobres» de la CE, al compararlo con las naciones del Este—, puede sentir un mayor perjuicio. La mayor competitividad es, según reflejaba una encuesta reciente realizada entre empresarios españoles, la principal preocupación de cara al mercado único. Pero en muchos casos, parece como si algunos de ellos creyeran, todavía hoy, que el 92 no va a llegar nunca, o que está mucho más distante.

La década de los noventa comienza para nuestro pais con problemas crónicos—una productividad que es un 75% de la media comunitaria—, y unos vicios encubiertos por la inexistencia de una verdadera competencia.

El problema es más acuciante en otros desequilibrios que, de momento son coyunturales, pero corren el peligro de convertirse en permanentes si no se adoptan pronto medidas. El binomio inflación-desempleo se saldó en los primeros años de salida del ajuste económico con una clara apuesta por el control de los precios en detrimento de un paro que alcanzó unas cotas casi explosivas.

Ahora, la situación ha variado sustancialmente y, con un desempleo en cura de adelgazamiento, la inflación ha vuelto a escapársele de las manos al Ejecutivo, sin que las previsiones de organismos solventes, como la OCDE, permitan ser demasiado optimistas a corto plazo. Un 6,3% para 1990, y el 6% en 1991 no es como para eschar las campanas al vuelo.

Pero, además, España inicia la década de los noventa, la del mercado único, con otro desequilibrio más preocupante aún, el de su tremendo déficit comercial (casi un 7% de su Producto Interior Bruto), su abultado déficit por cuenta corriente (4% del PIB) y muchos interrogantes sobre las vías para corregirlo.

Y un capítulo decisivo. La apertura de los países del Este es mucho más que la caída de un muro o el paso a la historia de unos regímenes obsoletos.

Ese, sin duda, es el reto. Como señalaba la prestigiosa revista británica *The Economist*, el gran dilema está en saber si la CE puede ser una iglesia suficientemente amplia como para absorber a los nuevos conversos del Este.☐

LUIS FIDALGO, 34 años, es subdirector de *El Mundo* y responsable de su información económica. Previamente fue miembro del equipo fundador del seminario *El Globo*.

Ha sido profesor durante cinco años de Derecho de la Información en la Universidad Complutense de Madrid y coautor del libro *La rebelión de los Albertos*.

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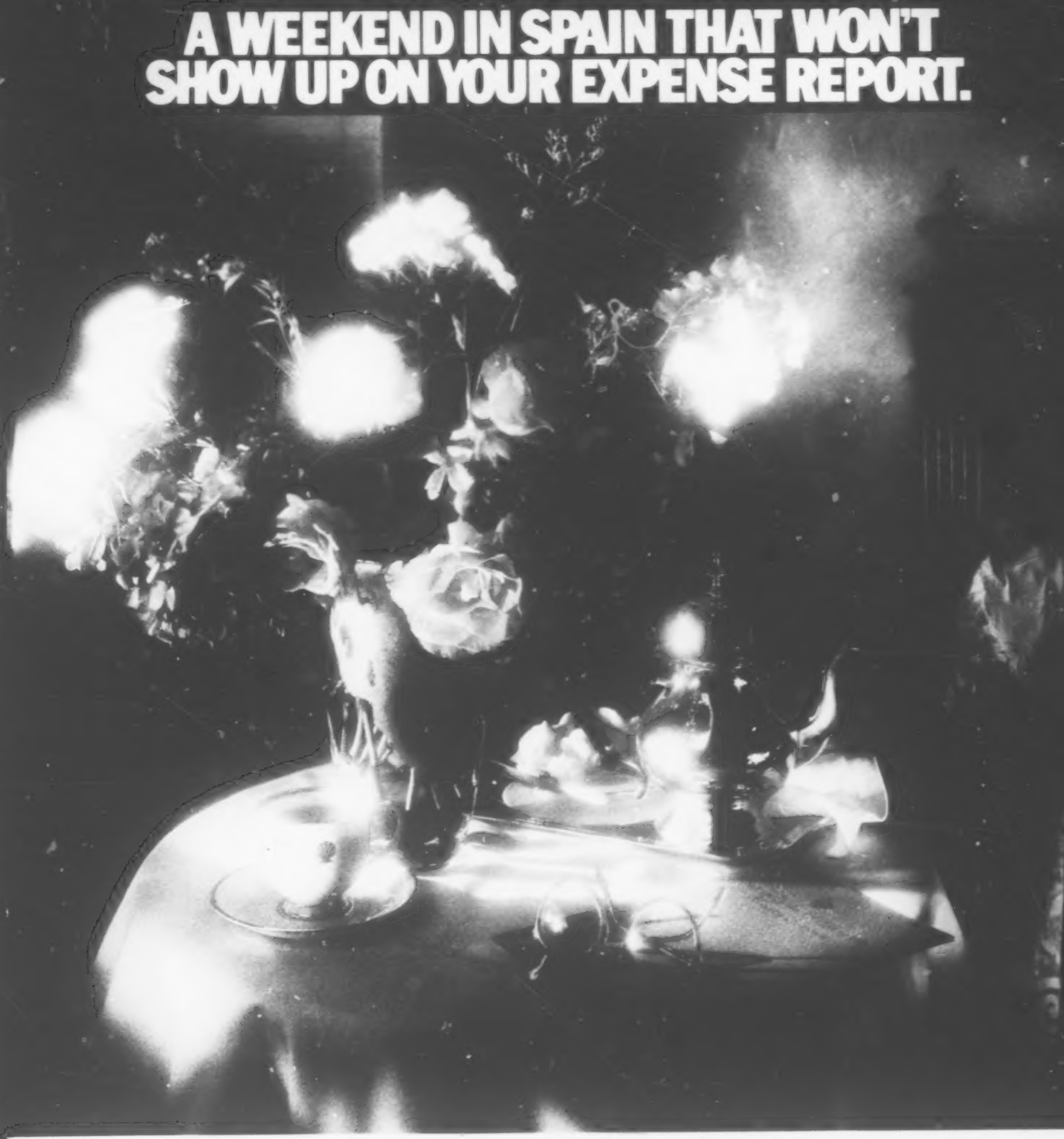
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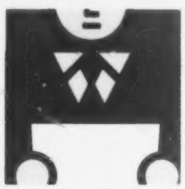

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Contents

Chamber Activities

WELCOME JAIME DE OJEDA,
Ambassador of Spain to the U.S. 5

CHAMBER PLANS SEMINAR
"Spain Today: The Emerging Platform for Business With Europe" 5

LUNCHEON HONORS AMBASSADOR
Recently appointed U.S. Ambassador to Spain Joseph Zappala speaks on "Spain-U.S. Relations: The Ambassador's Perspective" 6

LINK
The letter
Madrid
Open City

NEW CHAMBER PUBLICATION
"*Link the Letter*" will bring members current information and contacts..........10

EUROPEAN CHAMBERS
E.C. Commissioner and German Minister of Economics address Association of European Chambers......................10

PRESIDENT OF SPAIN'S CONGRESS
Félix Pons speaks at a Chamber-Spanish Institute luncheon after visiting the U.S. Congress in Washington..............11

HISPANIC MEDIA CONFERENCE
Chamber Representative Emily Mack attends HAMAS Conference...............12

U.S.A. News

'TOWN & COUNTRY' MAGAZINE
April issue entirely devoted to Spain......12

SPAIN-U.S. CHAMBER IN FLORIDA
425 attend annual Gala Dinner.............17

CASAS MATRICES
"Casas Matrices. Madres o madrastras." *Por Javier Rodríguez Yoldi*.................21

THE SMITHSONIAN AND 1992
Joins Comisión Nacional Quinto Centenario to develop, promote 1992 themes 22

THE U.S. ECONOMY: EXPORTS
"Exports and the U.S. Economic Outlook" *by Allen Unsworth & Barbara McLennan* 26

HISPANIC MARKET
Univision, the Spanish-Language TV network, is a major player in TV sports..40

CODORNIU IN CALIFORNIA
The Napa Valley Winery is on schedule and will open in Spring 1991................52

SPECIAL SECTION:
The 31st Anniversary Dinner Dance, Honoring MADRID

GREETINGS FROM THE MAYORS
Agustín Rodríguez Sahagún, Mayor of Madrid............................M2
David Dinkins, Mayor of New York.....M3

WELCOME FROM RICARDO JOVE,
President of the Chamber..................M5

MADRID: AN OPEN CITY
"Madrid is one of Europe's most open and vital communities..."..................M7

AN OPEN CITY FOR VISITORS
"Understandably, Madrid is moving rapidly to be among the top European city destinations"...........................M10

MILESTONES IN THE HISTORY
of Madrid, from the 9th century........M13

AN OPEN CITY FOR FINANCE
Madrid is the headquarters of the five companies in Spain with the highest earnings and the five with the highest net investment..............................M16

AN OPEN CITY FOR CONVENTIONS
Madrid is fifth in the world among places specializing in international conventions and congresses..............M19

OPEN FOR INDUSTRY
"Although Madrid is the largest center of services in the country, it also has a powerful industrial sector..."............M20

OPEN FOR FOREIGN INVESTMENT
"In 1988, approximately 46% of direct foreign investments in Spain went to Madrid..."................................M22

Food and Wine

HEALTHY SPANISH CUISINE
"It's time we looked to the cuisine of Spain for food that is healthy and tasty." *By Pat Baird*..........................49

Art

TAPIES ART MUSEUM
Barcelona's third one-artist museum is opening, the Fundació Antoni Tàpies..55

Executive Summary:

SPAIN'S CONSTRUCTION INDUSTRY
The second of Research Associates' reports focuses on a sector which is one of Europe's fasting growing.................23

News of Spain

MADRID AD AGENCY HONORED
Advertising Age selects Contrapunto as "International Agency of the Year"....30

COOLING THE SPANISH ECONOMY
Domestic demand, imports, and inflation pressures have grown, but in general, the economy is moving on the right track; *by José Luis Estévez*..........................31

REFORMING THE STOCK MARKET
Part II, *by Francisco J. de Lera*............33

COMMUNICATIONS SATELLITE
Spain will launch the "Hispasat" Communications Satellite in 1992.........35

HYATT TO MANAGE VILLA MAGNA
Madrid's *gran luxe* Villa Magna Hotel will be managed by Hyatt International..35

"CINE ESPAÑOL:
Volver a empezar", *por Ignacio Prado*....43

EASTERN EUROPEAN MARKET
The prospects of SEAT in the New Europe, *by Carl H. Hahn*...................47

Legal

MERGERS AND ACQUISITIONS
The legal aspects. For Spaniards and others interested in acquiring U.S. privately owned companies..................37

TAX-FREE ESTATE TRANSFERS
to Non-U.S. Citizen Spouses, *by Gregoria Sánchez*..........................39

Departments

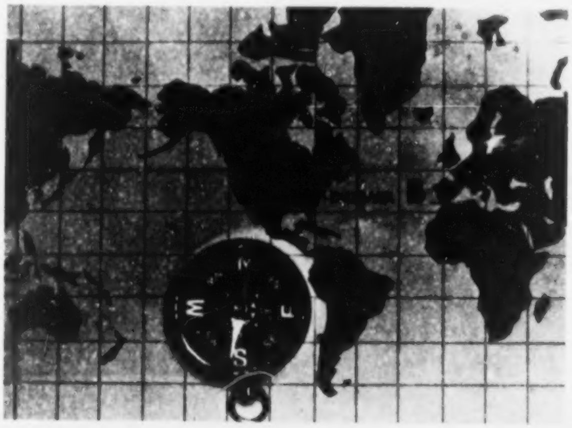
EDITORIAL: EXPO '92,
A U.S. Pavilion: Common Sense and Leadership at Stake, *by Miguel Sebastiá*. 3

SPANISH COMPANIES LISTED
on New York stock exchanges..............18

NAMES IN THE NEWS....................29

BUSINESS OPPORTUNITES.........54

LAST PAGE:
"Madrid: A City Alive," *by Ignacio de la Rica*..........................56



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THE EMPIRE STATE OBSERVER

U.S. Pavilion at the EXPO '92: Common Sense and Leadership at Stake

The United States has held an unquestionable primacy in the world since World War II. Since that time, the U.S. has used not only its military and economic strength, but also its leadership to spread its values all over the world.

Over the years, the acceptance of basic values inspired by the U.S. system has prompted the emergence of regions such as the Pacific Rim countries, led by Japan, and a new Europe—with a reunited Germany emerging as leader of a European bloc likely to include the Eastern European countries and even some republics of the U.S.S.R. Suddenly, European and Japanese strength is perceived as a threat to the U.S., at precisely the time when U.S. leadership is needed more than ever to guide the world in this new era on which we are about to embark. In this context, the presence of a U.S. pavilion in Seville is a must.

EXPO '92 celebrates not only the 500th Anniversary of Columbus's discovery of America under Spain's flag and sponsorhip, but also the beginning of the "United States of Europe", the end of the Cold War and the integration of the Eastern European countries into a democratic and free-market system. All this should merit not just any presence, but the principal presence of the U.S. in EXPO '92, or many questions must be raised about the historical perspective of some of our current political leaders.

In these times of profound change, statesmen with vision for the future are needed rather than politicians who wave any flag in order to get elected for four years, and who make an issue of investing a few million dollars for the U.S. Pavilion while hundreds of billions of dollars have been misused in the savings and loan scandals.

The United States has always had the leadership of great statesmen. We trust common sense will prevail and that we will be represented in Seville with the pavilion that this country, which still leads the world, ought to have if we are to remain a world leader.

MIGUEL SEBASTIÁ
Executive Director

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The Chamber Welcomes Ambassador Jaime de Ojeda

The Spain-U.S.A. Chamber of Commerce in New York welcomes H.E. Jaime de Ojeda as Ambassador of Spain to the United States. Ambassador Ojeda has been a key participant in Spain-U.S.A. affairs since he was appointed Secretary of the Spanish Embassy in Washington, D.C. After seven years in the U.S. capital, he moved back to Madrid as director for Atlantic and Canadian affairs at the Office for North American Affairs.

In 1973 Mr. Ojeda met George Bush in the People's Republic of China, where they got acquainted while the Spanish diplomat was working as Counselor and Chargé d'Affaires and Mr. Bush as U.S. Chief of Mission. In 1982, Mr. Ojeda became Minister Counselor at the Spanish Delegation in the North Atlantic Council (NATO) and, one year later, he was named Ambassador Permanent Representative to NATO.

In April, Jaime de Ojeda was appointed Ambassador to the U.S.A. by the government of Spain, presenting his credentials to President Bush on May 29th.

The new Ambassador is planning many projects during his tenure. He will deepen the relationship between Spain and the U.S.A., in period when the eyes of the world are focused on Spain and the preparation of the 1992 events: Barcelona's Summer Olympic Games, Sevilla's World Exposition, The Quincentennial Celebration of the Discovery of America, and the establishing of the European Community's single market. Ambassador Ojeda will be an important liaison between Spain and the U.S., networking with American officials to make them aware of the role Spain has played in the history in the United States.

CHAMBER ACTIVITIES

Chamber Plans Seminar, "Spain Today: The Emerging Platform for Business With Europe"

On September 24th, 1990, the Spain-USA Chamber of Commerce, in association with *Business Month* Magazine, will present a special seminar to promote the value of Spain as a European operations base for large and midsize U.S. companies. The seminar, entitled "Spain Today: The Emerging Platform for Business With Europe," will be a unique opportunity for U.S. companies involved in international business to learn directly from some of the foremost experts on Spain and Europe. Approximately 60 participants are expected to attend, as well as high level Spanish Government officials and top managers of the prestigious sponsor companies.

Spain's Minister of Economy and Finance, Carlos Solchaga, has been invited to open the seminar, which we plan to organize in three parts:

- A full morning session of speakers and workshops.
- A luncheon with an outstanding keynote speaker, expanded to an audience of some 200 top executives, government officials and members of the press.
- In the afternoon session, continuation of workshops for seminar participants.

Business Month Magazine will publish a special section covering the seminar in their December issue. *Business Month* is circulated exclusively to 425,000 senior managers at companies with sales revenue of over $50 million.

For more information, please contact Christa Seewald de Vicente, coordinator of the seminar, at (212) 967-2170. ☐

Spain-U.S. Relations: The Ambassador's Perspective

U.S. Ambassador to Spain Joseph Zappala addresses a luncheon in his honor at the Plaza Hotel on March 30th, organized by the Chamber in cooperation with The Spanish Institute.

"Spain is looked on by many Eastern Europeans as a model for non-violent change, successful democracy, and an economy that works."

It's great to be back in New York and back together with a group I'm getting to know well and want to know even better. But, I have to tell you, both New York and Madrid have so much in common. The same high energy level; the aggressive; can-do attitude of business; the exceptional quality of cultural life; and, of course, the traffic. Like New York, Madrid is a world-class city. The *Economist* magazine a few months ago called it "Noisy, but nice." New Yorkers can relate to that, I know I am one.

I want to talk to you today about U.S.-Spanish relations in general terms and much more specifically about my own priorities as the American Ambassador in Madrid and as a businessman.

First, a few words about U.S.-Spanish relations: they could hardly be better. We have two presidents who understand each other, like each other and share fundamentally common views of the world. Their personal contact, in meetings, telephone conversations and correspondence has facilitated excellent collaboration on foreign policy issues of concern to both countries, particularly in the context of major changes taking place in Europe and Latin America. I believe both sides value this relationship highly.

The core of our common effort has been the promotion of peace and democracy around the world. It is a campaign—obviously shared by many friends and allies—which has seen remarkable triumphs over the past year.

For example, in Central America Spain's active diplomacy has been aimed at speeding democratic changes. Our tactics have been different but complementary, and together we have contributed in an important way to building freedom in that part of the world.

In South America, President González and Vice President Quayle just finished making the same round of visits, to hail the return of democracy in Chile, to welcome the new leader of democratic Brazil and to consult together in Venezuela on how our two countries might cooperate more closely in supporting political freedom and economic development in this vital region. Spain has just signed cooperation agreements with several countries in South America, encouraging in particular the Spanish private sector to get involved.

Developments in Latin America are of special importance to both countries, but we consult and cooperate closely across the board. Secretary Baker and Foreign Minister Fernández Ordoñez were just together in Namibia to celebrate that country's newly gained independence. We both had a hand in bringing it about. Closer

At right (L to R) Ambassador Miguel de Aldasoro, Consul General of Spain in New York, Ambassador Zappala, Chamber President Ricardo Jove, and Spanish Institute Chairman Clark Winter.

to home, we see very much eye to eye on events in Eastern Europe. In fact, Spain is looked on by many Eastern Europeans as a model for non-violent change, successful democracy, and an economy that works. Similarly, President González's success in leading Spain out of the isolation of the past is also appealing to countries whose political and economic isolation over the past forty years has been complete. Spanish membership in the EC, NATO and the Western European Union would have been practically unthinkable twenty years ago. The speed and facility with which integration into the rest of Western Europe has occurred can only give hope to others who now face a similar challenge.

So, internationally we and Spain are on the same wavelength. Bilaterally, our ties are in very good shape. Our defense relationship is on a new, equal footing and is proceeding smoothly. Two-way trade is growing rapidly and I had the pleasure a few weeks ago of signing a new bilateral tax treaty, which will give strong encouragement to investment in both countries.

I do not want to come across as naive or a pollyanna, but the fact is that the U.S. and Spain are working together very well. I can't take credit for the current state of affairs. Some of the good things were already under way. But I am committed to see that this positive trend continues and that we expand new opportunities in the relationship wherever and whenever possible.

Let me focus on some of the areas I believe are most promising and perhaps enlist your own interest and support in some of them.

The first is educational and cultural exchange. All of you here belong to organizations whose goal is increased contact and understanding between Spain and the United States. For those of you with business interests I can only say that support for education and the arts is a classic case of doing well by doing good.

Farsighted American and Spanish business executives in Spain have increasingly joined forces with their two governments in the development of outstanding educational and cultural exchange programs. The Fulbright program in Spain has become the largest in the world, with a budget of almost $10 million for academic year 1990-91—larger than similar programs in Germany, England or Japan. The budget more than quadrupled in size during the eighties, thanks to increased support from the Spanish public sector and new funds from American and Spanish private donors. The more experiences we share through education and culture, the greater our understanding.

There is a great deal more that can be done, especially on the U.S. side. Interest in Spain in the United States has never been higher. Record numbers of Spanish students are coming to the U.S. to study. Our popular culture in the form of music, film TV and literature has tremendous appeal. It is a commercial proposition and can make its own way in the market place. However, there are wonderful aspects of both American and Spanish cultural life that would add so much to mutual appreciation of each other's society—but they can't be put together without financial support. Just in the last month, both the National Gallery of Art and the Guggenheim Museum have signed agreements with the Spanish Ministry of Culture. These are the sorts of relationships we need to cultivate.

The lure of Spain and the opportunities for cultural cooperation will balloon as we approach 1992. Spain will literally be the capital of Europe, hosting the Olympics, EXPO '92 and the Quincentenary Celebration.

The attraction of the Olympics hardly needs elaboration, but I'll bet most of you are not aware of the magnitude of the Seville exposition. It is the first World's Fair in Europe since Brussels in 1958. With over 100 countries already committed, it has already far surpassed all earlier fairs in terms of numbers of participants. More than 20 million visitors are expected, mostly from Europe. That's probably a conservative figure, given that 54 million tourists visited Spain last year. The Spanish government is making major infrastructure investments around Seville to accommodate the flow of people. It will be a very big show. Something not to be missed. I am working hard to assure that we

AMBASSADOR JOSEPH ZAPPALA (CONTINUED)

have a pavilion worthy of our country and our important interests in Spain.

The Quincentenary will also be a landmark occasion, whose theme is a transatlantic one—the Hispanic Heritage in the New World. That heritage is widespread and dynamic in the United States and we will be actively celebrating this great anniversary both in Spain and here at home. I want to assure that we are represented in Spain during that festive year by the best America has to offer. I hope all of you, who I know have a deep and abiding interest in U.S.-Spanish relations, will get actively involved in creating and supporting initiatives which will help make the Quincentenary a showcase of American life and art in Spain.

Finally, let me say a few words about U.S.-Spanish economic and commercial relations. I know I am preaching to the choir on this one, which is why I saved it for last.

The Spanish economy as you are well aware is in a period of dynamic transition. EC membership has brought market expansion and significant liberalization of business regulations. Since 1986, almost all Spanish commercial regulations have been rewritten to conform with EC norms. In almost every instance, these changes have made it much easier for businesses to operate.

There is widespread concern among American business executives over a possible "Fortress Europe" resulting from full EC integration. While the risk of protectionism can never be disregarded, particularly in sectors suffering heavy competitive pressure. I think the fears are exaggerated.

With Ambassador Zappala is former New York Mayor and Ambassador to Spain Robert F. Wagner, Sr.

Mr. Jove, Ambassador Zappala, former Ambassador of Spain to the U.N. Jaime de Piniés, and Ignacio Equiluz.

The U.S. trade deficit with the European Community was $23 billion in 1985. Last year, we enjoyed a small surplus of $1.5 billion. That is an important turnaround, which demonstrates our competitiveness in Europe.

When the EC single market is a reality, it will present a five trillion dollar market for American companies, roughly comparable to our own. We and the community are natural trading partners and market openness is fundamental to our economies. Rather than a fortress, what European integration is more likely to produce is stronger and more efficient European firms. This is the real challenge for American companies. Both in Europe and in the American market, we will face tougher competition. I don't see this as a negative development. I hope you share my belief that strong competition in free markets is what capitalism is all about.

In Spain itself, our exports have increased almost sixty percent in value since 1986. Although the American market share fell to a historic low in 1937, it has progressively recovered in the past two years. Aside from agriculture, which makes an important contribution to our exports to Spain, aircraft sales by McDonnell Douglas and Boeing, and intercompany transfers by giants such as IBM, General Motors, Ford, DuPont, and General Electric, account for the lion's share of our sales.

Last week, one of Spain's top business magazines ran a lead story entitled "Spain—The Preferred Market of Europe." The thrust of the article was the significant inroads being made by German, Italian, French, and British exporters since 1986. The statistics were impressive; Spanish imports from these four European countries doubled in the last four years. Their share of Spain's total import market jumped 12 percent to just under half of total imports.

I kept reading this long article waiting to see what it would say about U.S. companies and exports. It said nothing. One got the impression that American companies were unaware of the opportunities present in Europe's "preferred market."

I thought about this a bit and concluded that perhaps the article was *not* misleading. Relatively few U.S. firms seem to be pursuing new business in Spain. Sure, Fortune 500 firms that have been in the Spanish market since the Second World War are still there and doing well. But what about new, medium size companies?

I have been thinking about how to tap this vast reservoir of potential exports—how to bring opportunities in Spain to the attention of this broad stratrum of American businesses.

I welcome your ideas and your help in spreading the message. Please also spread the word that there is a man who understands business sitting in the Ambassador's office in Madrid, someone who wants to help business and whose door is always open to the private sector. □

Anthony Gaetano, Senior Deputy Commissioner, New York State Department of Economic Development, with Mr. Jove and Ambassador Zappala.

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CHAMBER ACTIVITIES

E.C. Commissioner and German Minister of Economics Address European Chambers

To promote understanding of the European Community and the United States, as well as to provide a platform for the exchange of points of view, the Association of European Chambers of Commerce in New York recently organized two luncheons. The speaker at the first, on March 16th, was Sir Leon Brittan, E.C. Commissioner for Competition Policy; Dr. Helmut Haussmann, Minister of Economics of the Federal Republic of Germany, spoke at the second, on May 10th.

Sir Leon called for a joint treaty between the E.C. and the U.S. to prevent disputes over industrial jurisdiction from escalating out of proportion. "Many members of American and other international companies will come under the new E.C. regulations," he said, "and there is clearly bound to be a certain overlapping interest between the Community and the U.S."

Sir Leon Brittan

Dr. Helmut Haussmann

In his address, "Emergency of a New Europe: Its Implications for the United States," Dr. Haussman indicated that the United States should not be merely a spectator to all the emerging events in Europe, but should instead become an active participant. "The U.S.A.," he said, "must be part of the process designed to end in a single European economic area."

Chamber Launches New Publication, "Link, the Letter"

The first issue of "Link, the Letter" is being prepared for release in June. "Link, the Letter" is a newsletter published by the Chamber, initially on a monthly basis. Its purpose is to offer current information and to help our members and readers interact and network to make business contacts.

"Link, the Letter" will bring you updated information on business relations between Spain and the U.S. in fields such as trade, banking, foreign investments, and professional services. It also announces the activities of the Chamber such as seminars and luncheons, as well as other special events taking place in New York.

Sections will also be devoted to new Chamber members, Chamber committee reports, trade missions coming from Spain to New York, trade fairs, and the activities of other related institutions.

"Link, the Letter" will be a flexible and active publication open to our readers to create dialogue within the business community interested in Spain-U.S. relations.

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Félix Pons, President of Spain's Congress, Addresses Luncheon

After a visit to the U.S. Congress, Mr. Pons discusses how the U.S. and Spanish Congresses could enhance national and parliamentary relations.

After an intense visit to the U.S. Congress in Washington, H.E. Félix Pons Irazazabal, President of the Congress of Spain, was the guest of honor at a luncheon at The Spanish Institute on May 4th, organized by the Spain-U.S.A. Chamber of Commerce and The Spanish Institute.

Ricardo Jové, President of the Chamber, introduced the speaker to the political and business people gathered for the occasion, commenting that this is not the first time Mr. Pons has been at The Spanish Institute. He visited in 1978 with a group of Spanish congressmen who explained the Spanish Constitution of 1978 to American authorities and business executives.

Only twelve years later, the landscape has become very different, Mr. Pons said. The Spanish Democracy has settled down and its institutions are able to improve relations and contacts with other democratic institutions.

The purpose of this visit, he explained was to open new means of collaboration and establish new contacts in the U.S.

The process of the construction of a new Europe is radically changing relations on the international scene, he said. The status gained by the United States in Europe after the completion of the Marshall Plan is being affected. Nevertheless, American companies can profit by the accomplishments of the European Internal Market, and the process of unification in the European Community can ease procedures, marketing strategies and legal requirements, enabling them to work in all the European Community countries as if it were a single market.

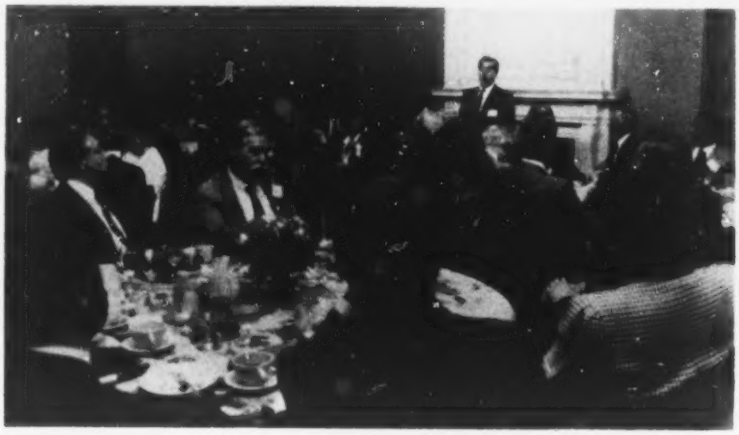
Félix Pons (center) with Spanish Institute Chairman Clark Winter (left) and Ricardo Jove, President of the Chamber.

Mr. Pons criticized the irrationality of protectionism in international trade. He defended multilateralism against unilateral actions, and those bilateral actions which harm a third country. The GATT, he said, is the perfect arena in which to resolve problems and end the continuous accusations of unfair trade practices between the U.S. and the European Community. Mr. Pons said that he would bet on the improvement of the GATT resolution mechanisms to create a more stable landscape in international trade.

About the presence of United States in the Expo '92, he said that his contacts and conversations with important representatives of the U.S. Congress were very positive. The American congressmen, who are uncomfortable with the current situation, expressed their strong desire that the U.S. be represented in Seville *(see related editorial on page 3)*. Mr. Pons said it seemed likely that the present problems in the Congress related to the budget for the American representation in Expo '92 would be eventually resolved and United States will attend this major event taking place in Spain.

The Congresses. The two Congresses agreed to exchange contacts here in U.S. and in Spain and to prepare delegations to visit each other, said Felix Pons. Representatives of both Congresses can play a key role in improving the image one nation has of the other, he said, being decision makers of the State, and at the same time being in direct contact with the people.

Spain has the need to stress its status as a European democracy, he said, to be understood in this way, especially today in a changing world with a changing Europe facing the difficulties of a unified Germany and the formation of the European Community. ☐



Above, Jaime de Ojeda, the newly appointed Ambassador of Spain to the U.S., Francisco Villar, Ambassador of Spain to the United Nations, and Mr. Jove.

SPAIN

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Are you currently represented in Europe? Are you operating in Spain?

Spain US-Chamber of Commerce, Empire State Building, 350 Fifth Ave., Suite 3514 New York, N.Y. 10118,
Phone (212) 967 2170, Fax (212) 564 1415, Tlx 275815 SPAN UR

NATIONAL
HAMAS
U.S. HISPANIC MEDIA CONFERENCE

The keynote speaker, actor-director-producer Edward James Olmos, (center) is welcomed. In the entertainment business, he said, decisions can't depend totally on money. Hispanics must first project an image, then think about the dollars.

Among Hispanic stars and executives at the opening reception are Eric Estrada and Esai Morelas, with chairpersons Ivy Orta of Columbia Pictures and Ray Blanco of Walt Disney Communications.

Chamber Representative Attends Hispanic Media Conference

The Chamber reaches out to Spanish-speaking Americans, with language and culture as a common denominator

As part of a Chamber program in support of the Spanish-speaking sector of the lucrative TV-film industry in the United States, a Chamber representative, *Business Link* editor Emily Mack, attended the First U.S. Hispanic Media Conference in Los Angeles from March 1st to 3rd. The conference was sponsored by The National HAMAS (Hispanic Academy of Media Arts and Sciences), an organization which is extremely active in promoting the progress and exposure of Spanish-speaking media professionals. The Chamber's goal is to establish relations between the Chamber and the Hispanic sector and to inform them of potential business opportunities between Spain and Spanish-speaking Americans.

Participants in the conference were welcomed with an opening night reception hosted by Michael Jay Solomon, President of Warner Brothers International Television and attended by a number of Hollywood stars of Spanish descent. The reception was followed by a screening of "Santiago—the Story of His New Life," produced in Puerto Rico and an Academy Award nominee for Best Foreign Language Film.

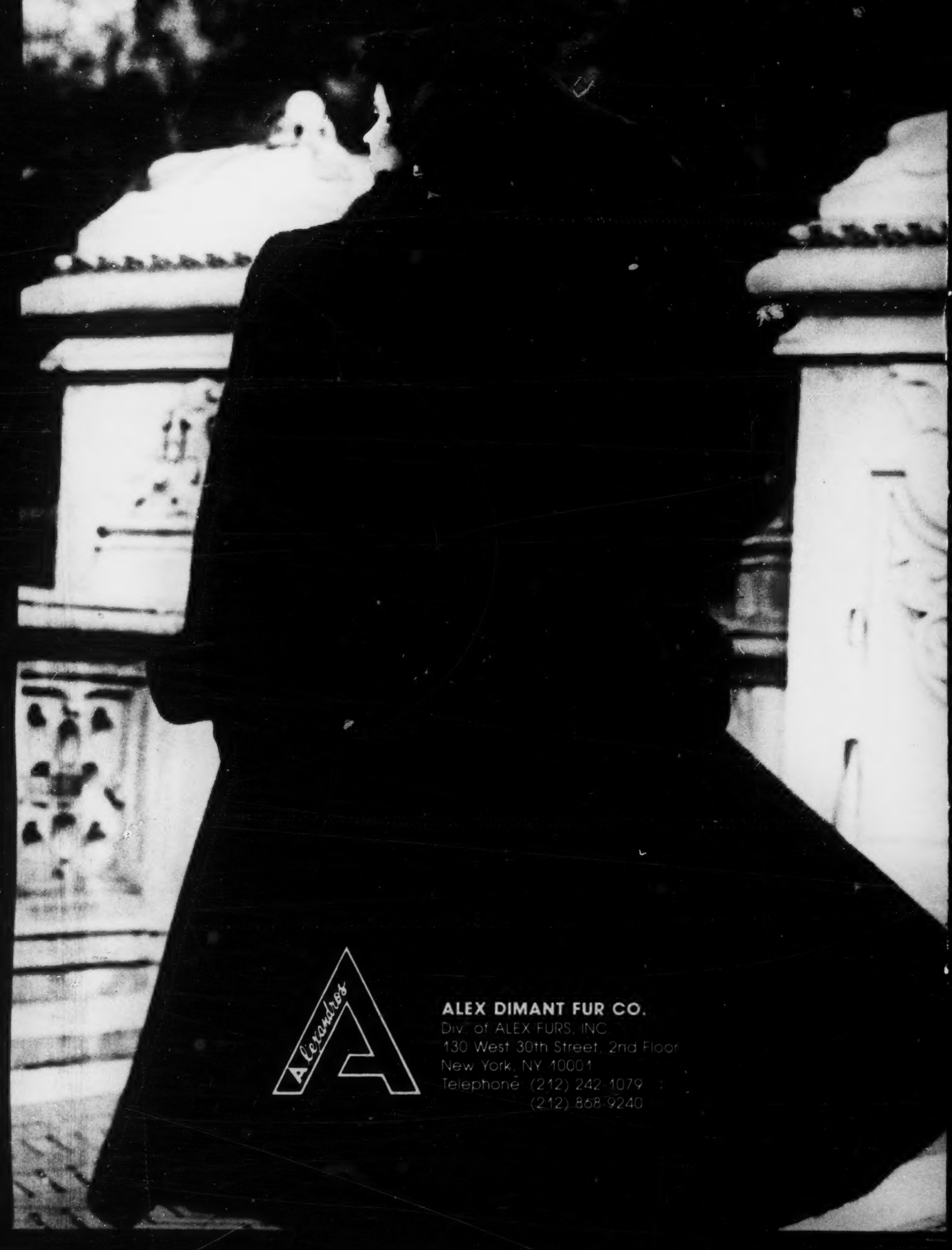
On the following morning Univision, the Spanish language broadcasting network, sponsored a breakfast which was followed by several discussion panels. At one of these, "The Changing Global Market," Emily Mack presented an outline of the economic changes taking place in Spain, and specifically in the TV and film industry. She characterized the Spanish economy as the fastest growing in Europe and discussed the possibility of co-production opportunities between Hispanic Americans and producers in Spain. She also told of the recent licensing of private TV networks in Spain (Antena-3, Telecinco and Canal Plus) and the changes that this would bring about. With private and regional stations establishing programming, she said, a dynamic medium for producers and advertisers is opening in Spain, a radically different situation from the era when RTVE controlled broadcasting.

Another aspect of broadcasting in Spain which would be of interest to HAMAS professionals, Ms. Mack pointed out, was that Spanish stations will be using technological equipment which is among the most up-to-date in Europe. This, she said, would further encourage an increase in binational cultural and business links. ☐

About HAMAS

This non-profit corporation was established in 1984 to create a network of Hispanic professionals which will contribute to the development of the Hispanic image in the media. Since its formation, The National HAMAS has established chapters in Detroit, Houston, Los Angeles, New York and Washington, D.C. It is the goal of The National HAMAS that this network be national in scope and international in influence. ☐

Chamber representative Emily Mack (center) with HAMAS chairpersons Ivy Orta and New York Chapter president Enrique Escobar, an independent director/producer.



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U.S.A. NEWS

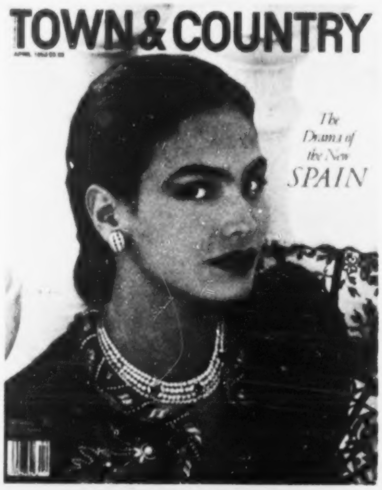
"Town & Country" Devotes Its Entire April Issue to Spain

Town & Country magazine, which describes itself as the "arbiter of the affluent," devoted its entire April issue to Spain, with emphasis on important people, cuisine, wines, top hotels and restaurants, and fashions.

"In preparation for the 500th anniversary of Columbus' discovery of the New World, Madrid, Barcelona and Seville are planning an opulent Quincentennial," said editor-in-chief Frank Zachary. "We were delighted to provide the perfect guide to the prominent people, select places, and distinct pleasures that are an integral part of Spain's revitalized cities."

On April 5th, *Town & Country* celebrated the publication of its special issue on Spain with a Spanish fiesta at the Paradis Barcelona restaurant, complete with flamenco dancers and the songs of a *tuna*, a group of student serenaders.

The Chamber cooperated in publicizing the issue by hand-delivering copies of the publication to prominent business leaders in Spain. □



Above, Carole Ference, Associate Publisher of *Town & Country* (right), with Pilar Vico, Tourist Office of Spain. At right (L to R) Alvaro Ureña of Iberia Airlines, Gordon Cooke of Bloomingdales, D. Claes Bahrenburg, president, Hearst Magazines Division, and Frederick W. Jackson III, vice president and publisher, *Town & Country*, and Manuel Navarrete.

Marketing to Hispanics is Focus of Chicago Seminar

SE HABLA ESPAÑOL, the National Hispanic Market Trade Show & Media Expo, will be held from September 25-27 in Chicago. The three-day show is sponsored by Hispanic Business, Inc. and is the nation's most comprehensive source for information about the Hispanic market.

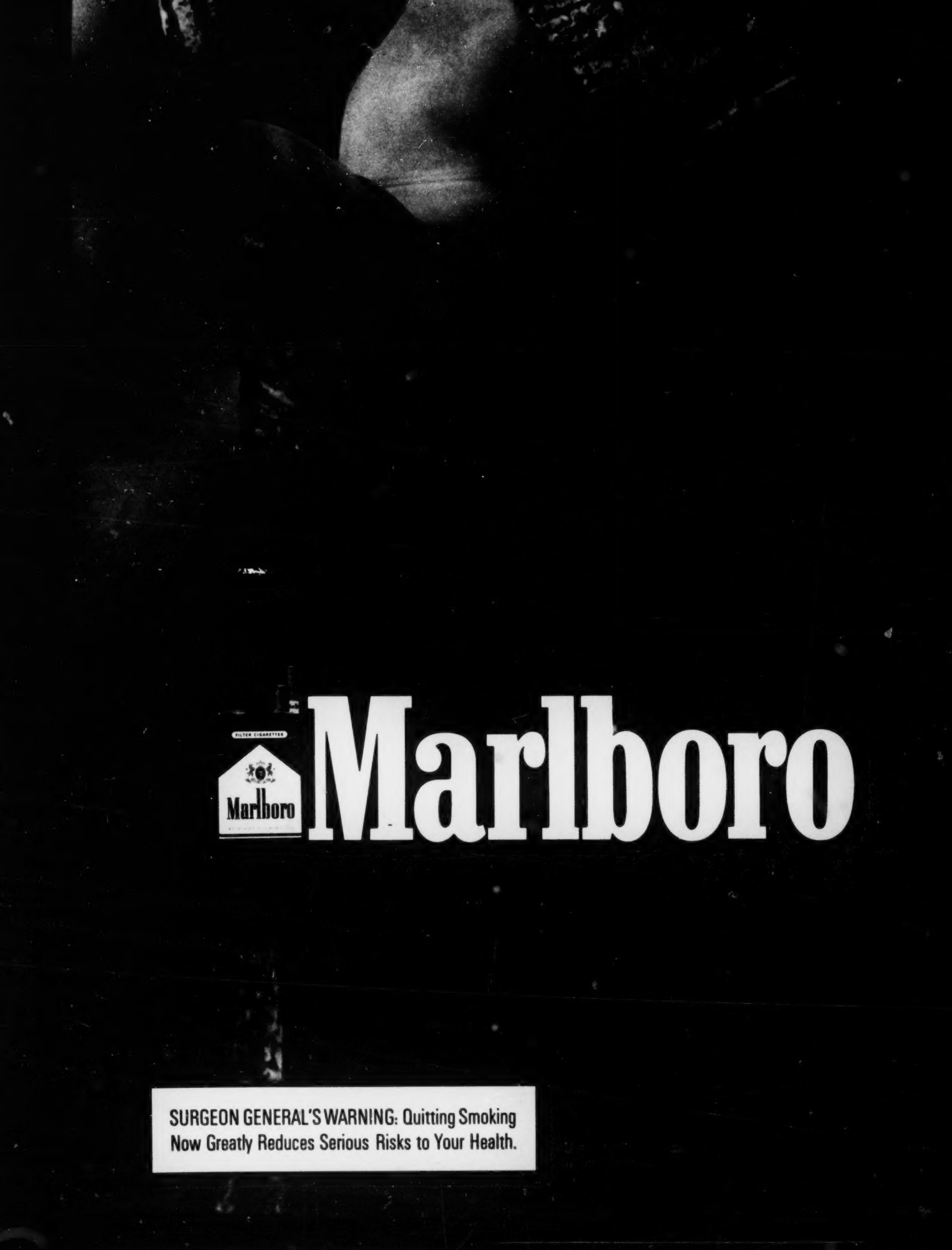
"The Hispanic market is the fastest growing demographic segment in America, spending more than $160 billion a year," according to Jesus Chavarria, publisher of *Hispanic Business* magazine. "Yet, few marketers really are poised to tap into this lucrative marketplace.

SE HABLA ESPAÑOL features more than 60 seminars focusing on various aspects of the Hispanic market. Topics range from demographic profiles of market sub-segments to hands-on marketing techniques. In addition, over 70 companies will present their products and services in an exhibition hall at the Hyatt Regency, Chicago.

"U.S. marketers must realize that traditional marketing and advertising approaches aren't always effective when targeting Hispanics. There is a certain sensitivity to be considered when designing a strategic marketing plan for this market," notes Mr. Chavarria. "Those savvy marketing firms that have targeted this market are realizing significant additional sales and market penetration."

The annual show draws hundreds of advertising and marketing executives who want to more fully understand the Hispanic market. One of the show's highlights is the presentation of the SE HABLA ESPAÑOL "Awards in Communication" for the most creative advertising in radio, print and television media targeted to the Hispanic market.

For registration information, contact Hispanic Business, Inc., 360 S. Hope Ave., Suite 300 C, Santa Barbara, California 93105. Phone (805) 682-5843 or Fax: (805) 687-4546. □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425 Guests Attend Florida Chamber's Annual Gala Dinner

In an unparalleled setting and with more than 425 guests in attendance the Spain-U.S. Chamber of Commerce in Florida celebrated its annual gala dinner on Thursday, May 24th in the Intercontinental Hotel of Miami.

The occasion commemorated the 10th anniversary of the Chamber's founding, and Honorary Chairman was H.R.H. Princess Cristina Borbón; because of previous commitments, however, she was unable to attend.

During the evening, the Chamber presented "Company of the Year" awards to three leading Spanish companies. The awards were accepted by José Ferrer, president of Freixenet; Paul Díaz, president of Indo, USA; and Javier Riera, general manager of the magazine *Hola*!

The Spain-U.S. Chamber of Commerce in Florida has become in ten years a leader among the more than 20 bilateral chambers of commerce in the southern United States. □

At right, José Ferrer, president of Freixenet, receives a "Company of the Year" Award from Florida Chamber president Fernando Rodriguez-Vila. Below (L to R) Antonio del Corro of Banco Exterior de España; Mr. Rodriguez-Vila; Javier Riera of "Hola!" Magazine and Mrs. Riera; José M. Marquina, Executive Director of the Florida Chamber; and Manuel Zubiria of Banco Bilbao Vizcaya.

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SPANISH COMPANIES LISTED

Banco Central S.A.

Exchange: NYSE Symbol BCM

First Quarter 1/1/90 - 3/30/90

Volume	39,500
High	21½
Low	19¼
Close as of 1/1/90	21¼
Close as of 3/30/90	19¼

Banco Central S.A. of Spain reported year-end financial statements of the Group. The completed audit for the year ended December 31, 1989 was as follows: Total assets were approximately five billion pesetas (4,919,303 million pesetas or $44,946 million), of which capital, reserves and results of operations increased to more than 575,000 million pesetas ($5,254 million). Total Income surpassed 1,165,000 million pesetas ($10,644 million) during 1989, with a cash flow of more than 180,000 million pesetas ($1,645 million). Upon allocations of 86,243 million pesetas ($788 million) to amortization and reserves, consolidated pre-tax profits for the Group amounted to 94,514 million pesetas ($864 million).

The high price for the quarter was 21½ and the total volume was 39,500. Banco Central S.A. outperformed other Spanish stocks in the same industry and also outperformed the publicly traded Spain Fund and the First Iberian Fund.

During the first quarter of 1990 Banco Central S.A. entered the Continuous Market System, which provides investors and brokers with more liquidity and continuous information on daily market activity.

Banco Central S.A. was established in 1919 and, together with its subsidiaries and affiliated companies, is engaged in a wide range of banking and financial related activities in Spain and throughout the world. The Bank is the second largest in Spain and among the 100 largest in the world. ☐

Banco Bilbao Vizcaya

Exchange: NYSE Symbol BBV

First Quarter 1/1/90 - 3/30/90

Share Volume	1,297,000
Average Daily Volume	24,000
Close (3/30)	$26,250
High	$34,625
Low	$26,250
Current Turnover	130%
Source	NYSE

After Pedro Toledo (Co-Chairmen) passed away, Mr. Emilio de Ybarra y Churruca was appointed as new sole Chairman. The Board of Directors was also reformed, with five Directors from each of the merged banks resigning and five new Directors being appointed.

The Annual General Meeting, held March 17th, approved the following Capital Stock and other Equity operations:

- Increase par value of the shares from 1,000 Ptas. to 1,200 Ptas.
- Split 1 former share into two new ones. The new ratio between ADR's and Ordinary Shares is 1 to 1.
- Redeem 4.8% of the total shares outstanding, decreasing Capital Stock and Reserves.
- Issue of US$ 180 million Perpetual Debt for the Japanese Market.
- Issue 40,000 million Ptas. Subordinated Debt for the Domestic Market (Spain).

As a result of this BBV has improved its equity structure and the tier 1 and tier 2 ratio.

The 1989 Annual Results Presentation took place on April 6th in New York. The top management of the bank, represented by Alfredo Saenz (First Vice Chairman), Angel Corcóstegui (Chief Financial Officer) and Luis Bastida (General Manager), reviewed last year results, the Spanish Economy and the prospects for 1990.

After seeing the first quarter of 1990, we can say that, despite the very difficult and competitive environment in Spain, we are proceeding as well as expected.

(CONTINUED NEXT PAGE)

Banco Santander

Exchange: NYSE Symbol STD

First Quarter 1/1/90 - 3/30/90

Banco Santander's net consolidated income for the first quarter of 1990 was 16,530 million pesetas. This was 18.60% greater than the previous year, and represents growth in both volume and diversification of financial activities in which the Group is actively involved both domestically and internationally.

The introduction in Spain, in September 1989, of the high-interest-bearing checking account by Banco Santander had a particularly significant effect on our growth in volume. We have effectively met a widespread demand in the marketplace, which substantially increased our client base.

Consistent with our policy of strengthening our capital base, Banco Santander placed on the Japanese stock market, under very favorable conditions, an issue of perpetual subordinated debt, totalling $200 million.

As of January 20, 1990, Santander's shares were listed on the continuous market of the Madrid Stock Exchange. It was the first Spanish bank to be incorporated into the single centralized market for trading. Five days later, Banco Santander was also the first Spanish bank listed on the Tokyo Stock Exchange. Thus, Santander's shares are now listed in all major financial centers of the world.

The stock market in Spain has been affected, during the past few months, both by high interest rates and by the behavior of the markets in New York and Tokyo. Furthermore, the entire banking sector has felt the effects of incorporation into the continuous market. This has affected our shares in a way that we hope will be only temporary, as the rebound from $34 to almost $48 has shown.

Other Events. In accordance with the authorization at the last General Meeting, April 30, 1990, the Bank has paid out a supplemental dividend of

(CONTINUED ON PAGE 30)

ON NEW YORK STOCK EXCHANGES

Endesa

Exchange: NYSE Symbol ELE

Consolidated, unaudited results reported for the three months ended March 31, 1990, and prepared in accordance with Spanish GAAP, show earnings per share of Ptas 84.79 ($0.78 per ADR), a 7.91% gain over Ptas 78.58 ($0.72) for the same period in 1989.

Revenues during the period were Ptas 139.56 billion ($1.29 billion), up 3.07% over Ptas 135.39 billion ($1.25 billion) for the previous year. Income before taxes was Ptas 29.46 billion ($272.30 million), compared to Ptas 25.10 billion ($232.01 million) in 1989. Net income at period end was Ptas 22.05 billion ($203.76 million), against Ptas 20.43 billion ($188.82 million) reported in March 1989.

Debt reduction during the quarter was Ptas 27.53 billion ($254.34 million), equivalent to 4% of total outstanding debt at the beginning of the year.

Capital expenditures during the period were Ptas 11.15 billion ($103.05 million), compared to Ptas 11.23 billion ($103.80 million) in the first quarter of 1989.

The Board has proposed a final dividend of Ptas 51.25 per share (approximately 0.48 per ADR) to shareholders and ADR holders of record June 15, 1990, which will be paid to ADR holders on July 9 at the prevailing rate of exchange on the record date, subject to the withholding of tax in accordance with Spanish Law. Added to the interim dividend paid on December 27, 1989, this represents a total gross dividend of Ptas 100.00 per share and ADR for fiscal year 1989, an 11.1% increase over 1988. ☐

BANCO BILBOA VIZCAYA (CONTINUED)

Referring to the last Dividend Payment, there has not been a reinvestment option due to the new "*Comisión Nacional del Mercado de Valores*" (Spanish SEC), which does not approve these plans with a discount. ☐

Telefónica-USA, Inc.

Exchange: NYSE Symbol: TEF

Quarterly Report 1st Quarter, 1990

The results obtained by Telefónica de España, S.A., during the first quarter of 1990 were influenced by three factors: firstly, the approval of the new tariff, which represent an average increase of 7.3% in service charges, came into force on March 21st; secondly, unlike other years, the implementation of the 1990 capital expenditure program went ahead at a more intense rate during the first quarter of the year; finally, the reduction in own work capitalized into fixed assets, initiated to a significant degree during fiscal 1988, was intensified.

In this context, income before tax amounted to 18,612 million pesetas, which, after tax, yielded a net income of 14,387 million pesetas, similar to the figure recorded in the first quarter of last year. Due to the factors mentioned above and to the non-homegeneity of the figures, the results of this quarter and the annual rates of change are significantly below those anticipated for the current year.

Revenue from operations increased by 16.3%, which stands out compared to the 12.4% rise in the same period last year, particularly, considering the fact that this year's figure reflects only eleven days under the new tariff structure. In absolute terms, revenue from operations rose to 187,759 million pesetas, compared to 161,482 million in the first quarter of last year. Looking at the various revenue components, of significance is the growth in income from data and image transmission services (23%) and in connection fees (19%). There were also favorable trends in both domestic and international telephone traffic which, on provisional figures, showed an average growth of 7%.

Operating expenses reached 82,008 million pesetas (65,235 million in March, 1989), reflecting a 25.7% growth compared to the figure for the

(CONTINUED ON PAGE 20)

The First Iberian Fund, Inc.

Exchange: ASE Symbol SNF

Investment Adviser Commentary: Over the past several months, the Spanish Stock Market has been immersed in a downward trend in line with other international markets and difficult domestic conditions. Since the beginning of the year, the Fund has clearly outperformed the Madrid Stock Exchange Index by falling 7.9% while the market fell 15.6%.

In Spain, domestic conditions remain difficult for the short term with credit restrictions, high interest rates, and a growing commercial deficit. However, there is evidence that the economy is slowing down, providing hope that there may be some relief in the credit restrictions in the near future. Also, news of new legislation opening the door for foreign institutions to invest in repos and have income producing bank accounts indicate that interest rates may have peaked.

News of Spain's potential easing of the current tax treatment of capital gains is also positive.

In line with current economic conditions in Spain, the Fund has adopted a temporary defensive policy, which includes a strengthened position in income-producing securities such as highways and utilities, as well as a substantial increase in fixed income securities (18% of the portfolio).

Performance Update

	3/31/90	2/28/90	1/31/90
NAV Per Share	$ 9.61	$ 9.61	$10.06
Price Per Share	$10.00	$12.88	$16.38

Portfolio Databank (As of 3/30/90)

Portfolio Composition

Equity Securities	80%
Fixed-Income Securities	17%
Short-Term Investments	3%

Geographical Composition

Spain	94%
Portugal	5%
United States	1%

(CONTINUED ON PAGE 20)

SPANISH COMPANIES LISTED ON NEW YORK EXCHANGES

(CONTINUED)

The Spain Fund

Exchange: NYSE Symbol SNF

The arguments for a positive equity market performance over the remainder of the year remain strong, and especially so if interest rates begin to decline. The Spain Fund is well positioned to take advantage of a market upturn.

During the quarter under review the net asset value of the Fund rose by 1.8% versus the −4.3% returned by the Madrid General Index (the "Index").

Since the inception of The Spain Fund (June 29, 1988), the net asset value has increased by 9.0% as against a −4.1% fall for the Index (Calculated in U.S. dollars with net dividends reinvested.)

At the end of February 1989, the Fund was approximately 90% invested in equities, up from 79% at the end of November 1988, as we took advantage of the uncertainty surrounding the macroeconomic situation to build holdings in companies with good long-term prospects and sound fundamentals.

The Fund continues to be tilted away from the banking sector and toward the industrial segment of the economy. This reflects our continuing conviction that the growth and success of Spain will be reflected in its manufacturing performance.

The Spain Fund's charter provides for investing up to 25% of the Fund's assets in unlisted securities in Spain. We are pleased to report our first significant investment of this type, which is *Antena3 Television,* a consortium bidding for one of the private television concessions to be allocated in June.

A major new addition to the portfolio is *Antena3 Radio,* a Catalonian-based radio transmission group. The privatization and enlargement of the media sector in Spain will offer some outstanding opportunities for investors.

We have also added a position in *Control Y Aplicaciones,* a company which designs, installs and maintains control systems where demand remains strong in the face of the sustained growth in spending on Spain's infrastructure.

Overall, we are enthusiastic about the investment prospects and we expect to continue to add value within the equity market. ☐

TELEFONICA

(CONTINUED FROM PAGE 19)

first quarter of last year. Also notable was the reduction in own work capitalized into fixed assets, which fell by 14.5% with respect to the first quarter of 1989. Taking this factor into consideration, operating expenses before own work capitalized into fixed assets grew at a rate of 18.2% in contrast to the 25.7% figure previously quoted.

With regards to this program, especially notable was the rate of capital expenditure, which, after the first quarter, reached the figure of 126,742 million pesetas, 51.4% more than the recorded figure for the end of the first quarter of 1989. Investment for the first quarter represents 20% of the total 1990 expenditure budget of 633,000 million pesetas. This high rate of expenditure activity contrasts with last year's figures, where in March 1989, only 14.8% of the capital expenditure budget had been spent.

Telefónica's intense investment efforts over the last few months are beginning to show positive results as far as meeting levels of demand, both in terms of service quality and response to line applications. In March there was a 7% reduction in the waiting list and a 13% rise in new lines. ☐

FIRST IBERIAN FUND

(CONTINUED FROM PAGE 19)

General Overview. The First Iberian Fund, Inc., a diversified, closed-end investment company which has an investment objective of long-term capital appreciation through investments primarily in equity securities traded principally on stock exchanges in Spain or Portugal. The Fund also invests in securities of companies that derive 50% or more of their total revenue from goods produced, sales made or services performed in Spain or Portugal. Additional information on the Fund's assets and performance is contained in the Annual Report for the period ended September 30, 1989. For further information on the Fund, call (212) 214-3334. ☐

Extebank se situa entre los bancos de mayor rentabilidad en activos de NY y NJ

Extebank, la filial neoyorquina del Banco Exterior de España, aparece entre los bancos de mayor rentabilidad en activos de Nueva York y Nueva Jersey, según una lista confeccionada por la firma consultora Plansmith Corporation, a partir de datos facilitados por la Reserva Federal de EE.UU.

El banco estatal español, que cuenta con un total de diez oficinas neoyorquinas, se situa en el 39 lugar en una lista de 158 entidades bancarias de Nueva York y Nueva Jersey en relación con su rentabilidad en activos.

Con un capital de 45,567 millones de dólares y unos activos de 688,220 millones de dólares, Extebank registró en 1989 unos beneficios netos de 7,220 millones de dólares.

La rentabilidad en activos de Extebank fue en 1989 de un 1,13 por ciento, frente a la de 1,01 por ciento que registró el año anterior.

Según el periódico financiero *Crain's,* el Canadian Imperial Bank of Commerce encabeza la lista con una rentabilidad en activo de un 3,80 por ciento, unos beneficios de 24,693 millones de dólares, un capital de 154,87 millones de dólares y un activo de 624,824 millones de dólares, seguido del Chemical Bank, Mitsui Trust Bank, Sumitomo Trust & Banking Co. USA, y Gateway State Bank, en los cinco primeros puestos.

Extebank es la filial estadounidense de la entidad bancaria estatal española Banco Exterior de España y fue creada hace diez años con la compra de dos bancos estadounidenses, el Century National Bank y el Suffulk County Bank, fundados a principios de siglo.

En la lista de mayor rentabilidad en activos, el Extebank se sitúa antes que numerosos bancos tradicionales neoyorquinos y norteamericanos, como el Citibank (que coupa el puesto 116), el Chase Manhattan Bank (en el 135) y el Morgan Guaranty Trust Co. of New York (en el 143), entre otros. ☐

Casas matrices. Madres o madrastras

"La casa matriz ha de pensar globalmente pero dejar actuar localmente."

Por Javier Rodríguez Yoldi

Utilizar el símil de la familia para representar la estructura de una compañía no es algo original. Es usado por los teóricos de Política organizativa de empresa, así nos lo enseñan en las escuelas de negocio, a los mismos propietarios o directores de las compañías les gusta verse referidos como a "una gran familia" e incluso el mismo lenguaje utilizado (estructura matricial, casa matriz, filial) hace referencia a ese paralelismo. Al igual que la familia, una compañía se establece en un lugar, y con el tiempo y el trabajo le nacen hijos inquietos que buscan nuevos horizontes porque el nido materno se les queda pequeño.

Es entonces cuando se establecen unas relaciones a distancia que pueden ir desde la centralización y el control materno, la tendencia más natural en la familia, hasta la delegación y la confianza en el buen entendimiento de los hijos.

Filiales americanas de compañías españolas

Existen 385 compañías norteamericanas con filiales en España, algunas de ellas hasta con cuatro filiales. En contra sólo unas 150 empresas españolas están presentes en el mercado americano y muchas de ellas no a través de filiales sino de un importador-distribuidor.

En el estudio de esas filiales existen tres aspectos que configurarán el tipo de relación que mantienen con la matriz en España:

○ Para qué fueron creadas
○ Dimensiones de la casa matriz
○ Sector en el que trabajan

En primer lugar las compañías españolas han creado filiales en Estados Unidos básicamente para comercializar y distribuir sus productos. Ninguna tiene ni producción ni ningún tipo de acabado del producto, a excepción de un par de ellas que explotan bodegas californianas. También habría que hacer la salvedad de las empresas de servicios como bancos o agencias de viaje.

Este carácter comercial y de marketing marcará una primera característica de la relación entre la matriz y la filial. En cierto sentido ésta se convierte en un cliente de aquélla, que espera ser servido con el volumen solicitado y en el tiempo requerido, primera asignatura a aprobar en el mercado americano.

Un buen ejemplo del carácter puramente comercial de la filial lo constituye Majorica USA, cuya principal misión es controlar su red de vendedores. Éstos emiten sus pedidos a la oficina de Nueva York que los pasa a su vez a las plantas fabricadoras en Mallorca. Aquí se elabora el pedido, ya que no existe almacenaje, y tras un proceso que puede durar seis semanas, se envía al cliente, en muchos casos sin pasar por el control de la filial.

El diseño de las colecciones parte de la casa matriz, así como las campañas de publicidad. Esto contribuye muy favorablemente en dos aspectos: reducción de costes (la parte creativa de una campaña puede suponer más del 25% del presupuesto de ésta) y la creación de imagen global de la marca. Pero también ha de pagar su tributo, y es que la mujer norteamericana puede no verse identificada con la morena belleza española a que nos tiene acostumbrado Majorica en su publicidad.

Luis Bonel, Director de Majorica USA, considera que, a pesar de todo, Majorica hace un esfuerzo por adaptarse al mercado. Así, por ejemplo, se cambió a la modelo española por otra americana en la publicidad para novias, o se rediseñó la Colección Oro para el gusto americano.

La casa matriz ha de pensar globalmente pero dejar actuar localmente. Esta parece ser una de las claves de éxito de las grandes corporaciones.

Un segundo aspecto que configura la relación entre la filial y la matriz es la dimensión de ésta.

En este sentido todas las compañías españolas establecidas en Estados Unidos han de ser consideradas como pequeñas empresas. Incluso una de las más articuladas en el país, Freixenet, fue incluida dentro de la categoría de "small companies" por la revista Business Week.

A pesar de la expansión experimentada, Freixenet es una compañía cuya dimensión aún permite mantener una relación directa y muy personal con la casa matriz y su presidente. En opinión de Armando Gavidia, Director de Freixenet Atlantic, esto no es cuestión sólo de dimensión sino además de talante y cultura de empresa. En este sentido Freixenet ha propiciado siempre el acercamiento de la matriz a las filiales así como de éstas entre sí, potenciando así la sinergia del trabajo del grupo. Además en esta compañía, que posee una filial con producción propia de vino espumoso en California, las filiales parecen tener más libertad para crear sus propias promociones y publicidad, incluso lanzan algún tímido nuevo producto y son utilizadas para la política de compras del grupo.

En cualquier caso la comunicación rápida y directa con la dirección de la

(CONTINUA EN LA PAGINA 22)

JAVIER RODRÍGUEZ YOLDI es licenciado en Derecho por la Universidad de Sevilla y está cursando el Master in International Management en la prestigiosa escuela de negocios ESADE de Barcelona. Acaba de finalizar su periodo de tres meses de prácticas en esta Cámara.

U.S.A. NEWS

Smithsonian Joins Comisión Nacional Quinto Centenario to Develop and Promote 1992 Themes

The Smithsonian Institution and Spain's Comisión Nacional Quinto Centenario recently signed an agreement in Madrid for a joint effort in the planning, development and promotion of various research, educational and cultural activities with Spanish themes in connection with the 1992 Quincentenary.

Robert McCormic Adams, Secretary of the Washington D.C.-based Smithsonian, pointed out in his remarks at the signing event that the Institution's objective for the commemoration of the 500th anniversary of Columbus' first voyage to the New World is "to celebrate cultural diversity, abolish old stereotypes, and transform culture into a living dialogue."

"Spanish," Adams noted, "one of the world's most beautiful languages, is spoken by more than 20 million people in the United States, making it the fifth-largest Spanish-speaking country in the world."

Among the numerous Quincentenary projects is "Music in the Time of Columbus," a one-hour TV documentary, which will present a musical portrayal of Spanish history and culture in the years of the "Enterprise of the Indies."

Collaboration between Spain and the National Museum of Natural History, one of the Smithsonian's 13 museums in the Washington D.C. area, will focus on the "Festival of the Horse," a special event associated with the exhibition "Seeds of Change," which will look at the exchange of animals, seeds and diseases that transformed the New World and the Old.

An exhibition at the Portrait Gallery, "Paintings of the Spanish XVI Century," will display more than 50 paintings by artists who lived during the reign of King Felipe II. This show is a collaboration between the Smithsonian, the Prado Museum and the Kimbell Museum in Fort Worth, Texas.

The Air and Space Museum will feature "Where Next, Columbus?", a major exhibition examining space exploration in the next 500 years, the solar system, the search for extraterrestrial life, and the social and scientific problems that go along with extensive exploration.

Additional projects are in the works and will be announced soon. ☐

CASAS MATRICES: MADRES O MADRASTRAS

(SIGUE DE LA PAGINA 21)

matriz es otra clave del buen funcionamiento de la estructura.

Un tercer aspecto que determinará la relación matriz-filial será el sector en el que trabaje. Así, si se trata del sector alimenticio o de artículos de consumo, con una competencia muy agresiva y un modo de funcionar muy dinámico las filiales han de poseer amplia autonomía para actuar, ejerciéndose el control de la matriz más esporádicamente.

En este sentido el sector en el que las casas centrales parecen comportarse como madrastras más que como madres es en el bancario. Aquí es habitual un control diario, la delegación sólo existe por debajo de unos límites que en algunos casos resultan excesivamente bajos para el volumen que se espera de un banco operando en el mercado americano.

El resultado es que gran parte de la asunción de riesgos de nuestros bancos en Nueva York ha de ser aprobada previamente por Madrid. Aquí se corre el riesgo de aplicar políticas globales pensadas para Europa o de verse desanimado por los bajos márgenes con que trabaja el mercado americano comparado con el español.

A pesar de todo Ignacio Eguiluz, Director regional del Banco Bilbao-Vizcaya en Norteamérica, no se queja de esta posible falta de delegación, ya que según él puede ser suplida por una rápida y eficaz comunicación con la casa central.

Los hijos tontos

Dada la situación actual, corremos el riesgo de que el dicho popular "salir más caro que un hijo tonto" sea aplicado a las filiales norteamericanas.

En efecto, si éstas reflejaran en los precios la inflación española y el cambio peseta-dólar que existe actualmente supondría un incremento en algunos casos de casi un 20%. En un mercado como el americano tan competitivo y sensible al precio esto podría significar el hundimiento de las ventas. El resultado es que, aunque algunas compañías han elevado su número de ventas gracias a un gran esfuerzo comerical, los resultados no están siendo nada positivos debido a la gran reducción de los márgenes.

Ante esta situación hay quien piensa que los organismos oficiales, más dedicados a la promoción genérica, deberían apoyar más decididamente a las marcas ya establecidas. Otros opinan que de continuar la tendencia actual habría que plantearse la posibilidad de una inversión seria para producir en los Estados Unidos.

A pesar de todo el mercado americano sigue atrayendo firmas españolas. Zara ha abierto su filial en Nueva York al parecer con gran éxito. Según Fernando Martínez, su Director de Marketing, este posible mal momento no les afecta tanto porque ellos poseen unos precios bastante competitivos y porque ahora se está viviendo un gusto por el diseño europeo que es el estilo de Zara.

En cualquier caso las filiales de empresas españolas que están luchando por defender su cuota en el mercado americano nos muestran otra de las claves de hacer negocio en este país: la constancia.

La posible crisis que puede estar pasando Estados Unidos y su comercio con España puede servir al menos para clarificar el panorama de las relaciones bilaterales y distinguir a los oportunistas de los que luchan cada día porque España esté presente en el más importante mercado del mundo. ☐

Spain's Construction Industry

A Research Associates Report

The following is the second of Research Associates' reports on the Spanish economy. This report on Spain's construction industry summarizes the important features of a sector which is one of Europe's fastest growing and most attractive to investors.

Background

With a total production in the neighborhood of Ptas. 4.7 trillion ($45.6 bn) the Spanish construction industry accounts for roughly 10% of GNP. In addition it is of great importance in the implementation of domestic economic policies. Being labor intensive and employing relatively low-skilled workers, management of construction services demand is of crucial importance in the running of national employment policy.

Construction	Turnover (Ptas. bn)	% of GDP	Workers (in '000)	% of Working Population
1980	1,736	11.5%	1,038	9.0%
1981	1,976	11.5%	963	8.6%
1982	2,215	11.1%	951	8.6%
1983	2,425	10.6%	930	8.5%
1984	2,533	10.0%	809	7.6%
1985	2,770	9.18%	770	7.3%
1986	3,104	9.17%	827	7.6%
1987	3,457	9.7%	925	8.1%
1988	4,013	10.1%	1,020	8.7%
1989E	4,880	11.0%	1,134	7.6%

Source: Seopan/Bank of Spain/Research Associates

Industry fifth largest in EC. The Spanish construction industry is the fifth largest and fastest growing in the European Community (21.6% in 1989). From 1975 to 1985 the industry went through a deep depression. Fueled by strong private demand and by large public sector projects, it is at present experiencing a boom. Going forward, such growth is likely to be maintained as the gap between Spain and EEC infrastructures is closed. Demand exceeds production capacity and prices and costs are soaring.

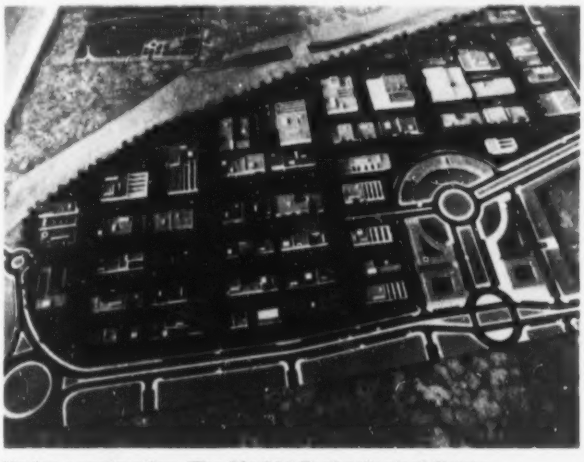
Foreign investment starting. More than 30,000 companies operate in the construction industry. As a result, it experiences a high level of domestic competition and is highly fragmented. Foreign companies have just started investing in the industry. The most common strategy is to buy into medium sized companies. These provide foreign construction companies with access to the market and with an operating base.

Spanish companies venturing abroad. Slightly less than a third of total turnover is centered on civil engineering, approximately 53% consists in architectural works, which is about equally split between home building and other buildings. Spanish companies are also venturing abroad. They are bidding for contracts in European countries and are purchasing medium size concerns that help them to reach out for those markets.

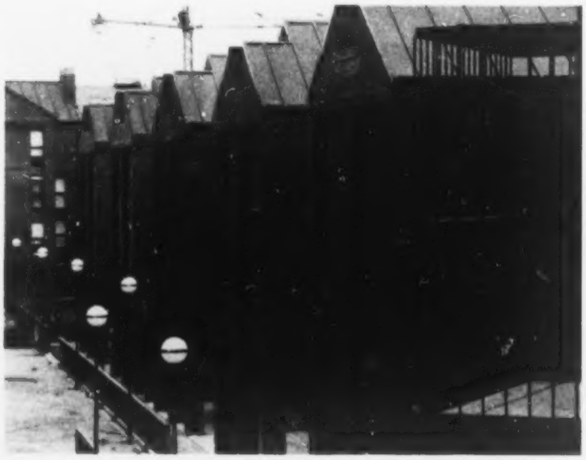
State consumes 25% of industry's output. The largest consumers of construction services are state entities; overall, they consume approximately 25% of the industry's output. The industry's upper tier concentrates its marketing efforts with the State. The fastest growing segment among public entities are regional authorities. As a result, about half of the major construction companies' business consists of large public works projects. Overall, these companies control over one trillion pesetas of the market.

Low profit margins. Although the Spanish construction industry compares favorably to its EEC counterparts, it still operates on low profit margins. The current boom is reflecting in companies' profit figures. Improved profits are being used to upgrade operating and financial conditions, and to finance growth. As a result, companies are caught in a positive spiral and continue to have good prospects.

Inelasticity of the industry. The market's recognition of favorable demand prospects and of the players' stronger financial condition has resulted in a rapid rise in the price of shares and in very demanding trading multiples. Publicly traded construction companies are trading at 9 to 20 times funds from operations (or cash flow).



Under construction: The Madrid Technological Estate.



New housing in Madrid.

Since 1986 the market for construction companies' shares has increased considerably providing adequate liquidity for prime names. Overall we can expect a firm demand for construction companies in bull markets and large dives in market down turns.

The construction industry is labor intensive. The average turnover in major companies is Ptas. 12 million ($110,000) per employee (the market average is only Ptas. 3.5 million). Building companies use relatively more labor than companies that specialize in civil engineering. Structure flexibility is largely related to the need of skilled personnel who are not available in the market. The flexibilization process started in the last recession has been greatly slowed down due to lack of skilled personnel on the market. Specialization is also a variable that determines the volume of costs that can be subcontracted.

Higher profits for specialized companies. 1988 net profit/sales and funds from operations/sales averages were 3% and 5.3% respectively. Specialized companies tend to have higher margins (circa 5% net profit margin and circa 7% funds from operations on sales) than general contractors. This is approximately twice as much as building companies and general contractors. Aggregate profitability measured on total assets and tangible net worth is 7% and 21.5% respectively. From an activity stand point, the sales to assets ratio averages 1.4 times.

Sound financial management. Growth is largely being financed with spontaneous credit. Profits are barely allowing equity to keep up with liabilities and leverage is stalled at debt levels of around three times equity. Financial stability is made up by maintaining large liquidity balances. Sound financial management is one of the differentiating aspects in the industry. We do not disregard some companies to undergo financial difficulties due to credit shortages.

Growth Expectations	1990	1990	1992
% Real GDP Growth	4.0	3.0	3.0
% GDP Deflator	6.0	6.0	6.0
% Nominal GDP Growth	10.0	9.0	9.0
Construction Growth	12.0	11.0	11.0
Construction (Ptas. tn)	5,465.6	6,066.8	48,484.8
Construction ($ bn)	45,546.7	50,556.8	404,040.0

Source: Research Associates

Prospects of the Industry

Except for an expectedly short-lived finance-driven residential construction slump, demand for construction can be expected to remain strong in the next three to five years. The weight of demand will tilt towards civil engineering as public works programs progress. As a consequence, the public sector will continue to increase its weight in aggregate demand. Regional governments will continue to play an important role as construction companies' clients.

In the event of an unlikely recession, the whole industry would plunge further than the economy. Industries would scrap their plant expansion plans, home buyers would delay their plans to make costly and long term engaging decisions such as buying a home and the government will need all the funds it can lay its hands on to help the needy. Going forward, customers will emphasize further quality considerations and will demand constructors to shorten and honor their delivery periods. In this regard, they will require more and costlier guarantees and will be more concerned with partial deadlines.

Large companies and industry production can be expected to continue growing. Prices and costs can be expected to continue their way up, and margins will continue to widen. Increasing profits will be used to finance growth and therefore leverage is not expected to decrease substantially in regular companies. Highly leveraged companies will try to attract equity so as to decrease their financial exposure, boost their profits and place themselves in a position to take advantage of the booming market.

Production methods can be expected to change fast with more money being poured into the initial phases of the construction process, more and more detailed planning and control. Standardization will probably increase and prefabs and other types of faster and cheaper alternatives are likely to flourish both in the final product and component markets. Medium sized companies will continue to specialize both along product lines and geographically, and the prefabricated products industry is likely to grow. All of this is likely to increase the industry's capital intensiveness, companies efficiency and sales per employee.

Ownership is likely to become more institutionalized and separated from management. Companies' shares will continue to be floated on the stock exchange. Foreign acquisitions of medium sized companies will continue to occur. Companies that were founded in the first half of the century and flourished in the construction boom of the sixties, may be good candidates for sale. As larger companies continue their drive into Europe they will become more conscious of their size and will seek alliances with other European companies. □

We at the Chamber encourage readers to contact Research Associates with further questions about Spanish companies. Contact: Jaime Mariategui; Calle Prim, 5, 2°; 28004 Madrid; telephone and fax: 522-2247.

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Exports and the U.S. Economic Outlook

"Exports have been a major factor in sustaining economic growth. In 1987, they accounted for over 38% of total U.S. economic growth; and in both 1988 and 1989 through the third quarter, they contributed about half of all real growth."

By Allen Unsworth and Barbara McLennan

The old cliché about the rest of the world getting pneumonia when the United States gets a cold no longer accurately describes the way the international economic system works. When the economies of the rest of the world perform poorly, the United States will no longer remain as immune; and when they perform will their demand for U.S. exports may help in a significant way to sustain domestic economic growth.

During much of the post-World War II period, the United States was, relatively speaking, self-sufficient. In 1950, real exports and imports of goods and services were under 5 percent of real GNP. Both real exports and imports rose gradually as a percent of real GNP in the 1950s and '60s, and more rapidly in the 1970s. By 1980 real exports and imports were 12.2% and 10.4% of real GNP, respectively. In 1988 exports were 13.1% and imports 15% of GNP. While the importance of international trade in the U.S. economy is still modest by the standards of some of our trading partners—West German exports account for over 25% of its GNP, and those of the Netherlands are over 50%—changes in the volume of exports and imports may now have a much greater effect on the overall rate of U.S. economic growth. For example, a 5% drop in real U.S. exports would, other things equal, currently reduce real U.S. GNP growth by approximately 0.65%.

With the exception of 1987, consumption has been the backbone of economic expansion during the 1980s. Business fixed investment was also a significant contributor to economic growth in 1987 and 1988.

Exports, on the other hand, accounted for a far higher share of real economic growth during the past several years. In 1986 alone, they accounted for over half of all growth. Imports, which appear as a negative factor in the "Other" category, were growing rapidly during this period and tended to restrain growth.

It is not necessary to search too far for the cause of sluggish export and rapid import growth during 1980-83. First, between 1980 and early 1985, the dollar appreciated by about 50% against the currencies of its major trading partners. A second important reason was the relatively rapid rate of U.S. economic growth compared to most of its major trading partners. U.S. economic growth, as measured by both industrial production and real GNP, was greater than all of its major industrialized trading partners, with the exception of Canada. During this period, price and income effects were working against exports and imports.

Beginning in 1986, the pace of U.S. economic expansion, particularly domestic purchases, began to slacken. Export growth, however, surged. In addition to exports, much of the slack caused by the drop in U.S. consumption growth was taken up by a rise in inventories, leading many analysts to predict sluggish U.S. growth, or even a recession, in 1988. However, a recession never occurred; in fact, the real economic growth rate picked up again in 1988. Exports have been a major factor in sustaining economic growth. In 1987, they accounted for over 38% of total U.S. economic growth; and, in both 1988 and 1989 through the third quarter, they contributed about half of all real growth.

The recent acceleration in export growth can, like the decline in the early '80s, be explained mainly by exchange rate movements and the state of the economies of our major trade partners.

Beginning around the second quarter of 1985, the dollar began to depreciate against most of the other major trading currencies. After the expected long lag, exports began to respond to the cheaper dollar in 1986. In the 1986-87 period, economic growth, as measured by both GDP and industrial production in the U.S. major trading partners (and the Pacific Rim countries), began to accelerate relative to U.S. production. This process began with Britain and Italy, and has continued with France, Germany and Japan. To date, however, U.S. import growth has not responded to the exchange rate changes to the same degree as export growth.

Preliminary data for the third quarter suggests that the principal benefits of this lower dollar have probably taken place. Estimates for third quarter real GNP growth and its components, suggest that exports contributed little to the result. Whether exports will continue to be weak in subsequent quarters will depend importantly on (1) future exchange rate behavior and (2) economic growth rates of our trading partners.

Secondary factors, which may have contributed to an improved picture for U.S. exports between 1983 and 1989, are improved quality and lower production costs as a result of greater factor productivity and a reduction in the growth of labor costs.

Recent Trends In U.S. Exports

The composition of U.S. merchandise exports has changed during the

(CONTINUED ON PAGE 50)

ALLEN UNSWORTH is an international economist and **BARBARA McLENNAN** is deputy assistant secretary for trade information and analysis in the U.S. Department of Commerce. This article appeared in the department's publication "U.S. Industrial Outlook 1990."

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Madrid: An Open City

MADRID: AN OPEN CITY

El Alcalde de Madrid

It's a real pleasure for me to address you, in this issue of "Business Link", dedicated to Madrid.

Our city, the capital of the Kingdom of Spain, develops an intense and bustling economical activity which turns it into a crucial focusing point in the country and into one of the main business centres in Europe, reaching, in 1988, position number 3 in the Congress Cities World Ranking.

Madrid is a melting pot of all the people and cultures which make up Spain; this fact gives the city a particularly warm personality: nobody feels like a stranger here and, in a few days, visitors consider themselves as every other madrilenian.

Since the democratic transition period, Spain has undertaken a fast and deep renovation of its political and economical structures, especially increased after the entrance in the European Community in 1986; now the country is getting ready for the European full integration in 1993.

In the last step of all this process, an extraordinary opportunity has been given to us to let the whole world know the present reality of our country, and its challenge for future. If the Olympic Games in Barcelona and the Expo in Sevilla are anxiously expected, the nomination of Madrid as "European Capital of Culture" for 1992 gives the city an outstanding role in that period: its aim is to develop, during the 366 days of 1992, an uninterrupted series of cultural events at the highest level, in which the five continents will be present.

Do not hesitate: come and see Madrid, get mixed with its people, make a stroll in its parks and streets, get to know the light that inspired Velázquez and Goya.

We are waiting for you: you will be warmly welcome.

Agustīn Rodríguez Sahagún
Mayor of Madrid

1625

THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

June 15, 1990

The Spain-U.S. Chamber of Commerce
The Pierre Hotel
Fifth Avenue at 61st Street
New York, New York

To All in Attendance:

It is my sincere pleasure to extend greetings to all the members and friends of The Spain-U.S. Chamber of Commerce as you celebrate the 31st Anniversary of this important institution.

The U.S. - Spain relationship continues to grow and prosper. I am especially pleased that through our Sister City relationship with Madrid, all New Yorkers are able to participate in this dynamic friendship. I salute the work of The Spain-U.S. Chamber of Commerce. Your hard work has brought substantial benefit to the business communities in both the U.S. and in Spain.

"The Business Link" provided by The Spain-U.S. Chamber of Commerce has proven to be of critical import. I encourage all its members and friends to continue their support.

All the best.

Sincerely,

David N. Dinkins
MAYOR

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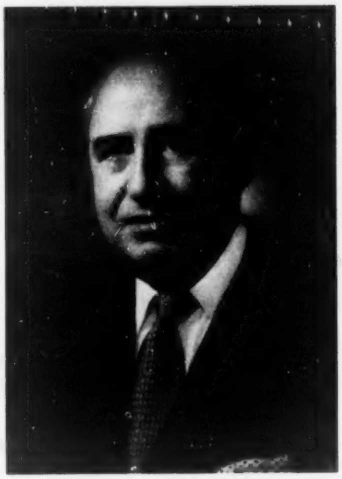

THE SPAIN · U.S.A. CHAMBER OF COMMERCE

OFFICE OF THE PRESIDENT

RICARDO JOVE
President

June 29, 1990

Thirty-one years ago, a group of businessmen created our Chamber to promote a more enlarged, close and friendly relationship between the United States and Spain. That we are still at it today is a testimony not only to their foresight, but of the dedication of all those who have succeeded them in this endeavor.

And no better symbol of the Chamber's success in its mission, is the opportunity to welcome today as Guests of Honor, the Mayor of Madrid, the Capital of the Kingdom of Spain, and the Mayor of the City of New York, here to CELEBRATE MADRID and its links with our City.

You can see in this a measure of how far we have come, from the time that Spain was almost an unknown entity, to today's appreciation of what it truly is, what it has always been. Credit must be given to all in America who helped us to reach this point. But there are many in Corporate America, and in Spain too, who have not yet awakened to the opportunities of both markets. We need them in the Chamber, to help and to profit from it, so that we enter our thirty-second year with renewed energy and purpose.

Ricardo Jove

Ricardo Jové
President

MADRID: AN OPEN CITY

The Royal Palace at Aranjuez

Guests of Honor

The Honorable Agustín Rodríguez Sahagún
MAYOR OF MADRID

The Honorable David N. Dinkins
MAYOR OF NEW YORK

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AMBASSADOR OF SPAIN TO THE UNITED STATES

H.E. Joseph Zappala
AMBASSADOR OF THE UNITED STATES TO SPAIN

H.E. Miguel de Aldasoro
CONSUL GENERAL OF SPAIN IN NEW YORK

The Honorable Joaquín de la Infiesta
COMMERCIAL COUNSELOR OF SPAIN IN NEW YORK

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BANCO CENTRA

Rushing traffic on the Gran Via—a symptom of the quickening pace of Spanish life.

Madrid: An Open City

Madrid is one of Europe's most open and vital communities. Unbridled entrepreneurial creativity and the swelling ranks of youth have combined to awaken an unmatched economic growth, placing Madrid in the vanguard of European capitals. This "can-do" atmosphere makes it a sound and strategic site for any company scanning the globe for new investment possibilities, as many firms are discovering.

Apart from being the center of government and business in Spain, Madrid comes complete with wide avenues, an array of distinctive classical and modern architecture, every cultural and consumer amenity, and nonstop activity, making it a wonderful place to live. Like New York, Madrid is open 24 hours a day—a true sister city to the Big Apple. This liveliness and willingness to change makes Madrid the focal point for new trends in Spain and Southern Europe, and has brought a burgeoning number of enterprising people here from all over the world.

In addition to Madrid's own cultural attractions, such as the Prado and the opera season, only 40 to 50 minutes away are such jewels as Toledo, Segovia, El Escorial, and Aranjuez. There are 13 golf courses between ten minutes and one hour from the center of town, plus tennis and squash courts, swimming pools, and facilities for a multitude of other individual and team sports.

No other European city offers as complete a package in which to live and work. Madrid has it all.

Madrid, Madrid, Madrid: Theme Song of the Cultural Capital of 1992

Madrid, the cultural capital of 1992 already has a slogan. "Madrid Madrid, Madrid...", the chorus of Augustín Lara's famous song will be emblazoned on posters, buttons, and souvenirs, a legacy to the celebration of the city. Or so we are told by Madrid's Mayor, Agustín Rodríguez Sahagún, who is planning a turn of the century festival including music, the arts, gastronomic delights, and sports.

"1992 brings the end of the century," says Mayor Rodríguez Sahagún, "but it is also the beginning of the milineum, a milineum that for the first time is not surrounded by the apocalyptic but by a horizon of hope and the

Madrid: An Open City

(CONTINUED)

promise of great things to come. This is not to say that 1992 should be considered sacred. It will not bring the solution to all our problems, but we can consider it the starting point. We are ready to face the challenge of being the European capital. Weather permitting, we plan to hold art festivals in the city's open-air spaces to create a living culture." To do this the city, hoping to integrate art and nature, is creating five new parks, one of which will be double the size of the Retiro Park, (Madrid's largest park).

Madrid will be an "open city" to all the different cultures of Spain. "Being the capital of our kingdom does not mean that we should monopolize the culture, but instead invite different cultures to make a home here," the Mayor says.

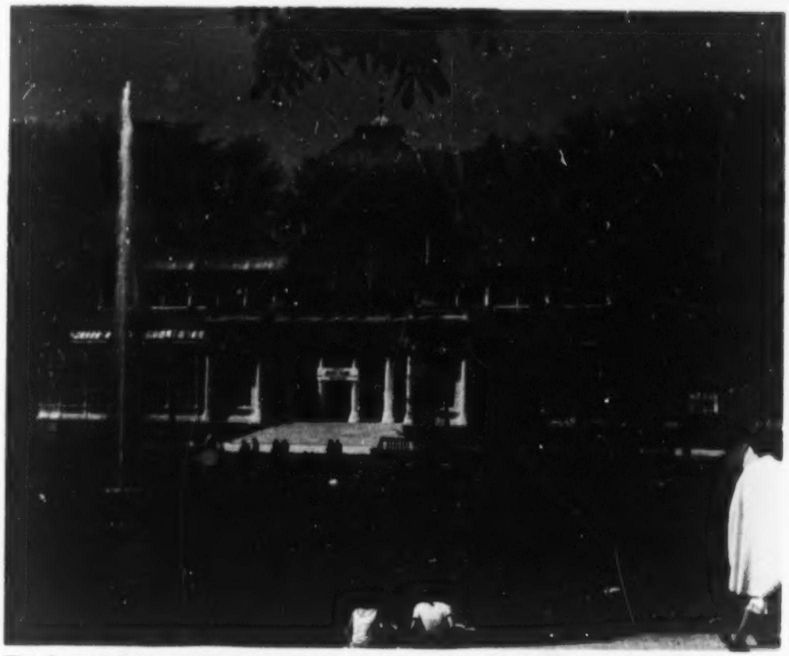
There will be science expositions as well as art festivals. The most interesting project will make it possible to say that "the sun never sets on Madrid." A system of solar energy has been designed to provide Madrid with light, both day and night. The project will cost approximately 600 million pesetas (about $5.7 million).

Also planned is a Festival of Spanish Theatre, to bring back classics by playwrights such as Calderón, Tirso, and Lope de Vega. Guest appearances will be made by the orchestras of such European cities as Vienna, Prague, Berlin and Paris, cities that will bring not just their music, but theri cuisine and their culture. There will also be a program of operas performed. "There are at least 13 or 14 works in the history of opera that have Spanish themes," says Mayor Rodríguez Sahagún.

In an effort to bring the history of Madrid to the foreground, a program has been organized to identify famous places. So many people, painters, sculptors, musician have lived and worked in Madrid, and have passed through the city unnoticed. To avoid this, plaques are being installed on the buildings where these people lived. "We are trying to recover our capital's identity," says the Mayor. "We are creating routes, walking tours that people can follow on their own, the route of Lope de Vega, Cervantes, even Monet—who lived here although no one knows it."

A cultural infrastructure already exists in Madrid, but it must be recovered. "People pass through Madrid and only know about the Prado, although we have many other important museums such as the Sorolla Museum and the Convent of the Barefoot Royals, but nobody visits these. One must realize that between the Atocha railway station and the Colina exists the most dense museum zone, per square meter, in the entire world."☐

Portions of this article appeared in the magazine "Vivir en Madrid."



The Crystal Palace in Madrid's Retiro Park was built in 1883 by Ricardo Velázquez. It is a beautiful setting for art exhibitions.

Madrid and New York: The Sister City Program

In 1960, Mayor Robert F. Wagner, Sr. signed New York's first Sister City agreement with Tokyo. Since then, New York has formalized Sister City relations with the cities of Beijing, Cairo, Madrid and Santo Domingo.

In 1983, the Sister City Program of the City of New York, Inc. was established as a not-for-profit arm of the Mayor's Office to promote and coordinate activities between New York and its five Sister Cities. The Sister City Program aims to promote understanding and cooperation in the areas of culture, education, business and trade, and municipal services.

New York has enjoyed warm relations with Madrid since 1982, and, as the quincentennial approaches, New York City celebrates its stronger ties with Madrid. An important vehicle of the Sister City Program, people-to-people diplomacy, has had special meaning for the New York-Madrid Sister City relationship because of the number of New York City residents who share their proud Spanish heritage. In addition, as the 1992 European Common Market draws nearer, New York looks forward to greater cooperation with Madrid in the areas of business and trade.

The goal is rather simple: to promote exchanges and activities that build bridges of understanding between the world's leading cities. ☐

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Madrid: An Open City for Visitors

Madrid is, by the continent's standards, one of its youngest cities. From rather undistinguished beginnings, its ascendency began with the decree of Philip II, in 1561, by which Madrid replaced Valladolid as the seat of government. The aggrandisement of the city was slow to follow, but in the 18th and 19th centuries, particularly under the Bourbon Charles III (1759-1788), building program started giving the city the monumental appearance that befits a capital. Today, it has wide tree-lined boulevards, grand *plazas,* peaceful parks and impressive public buildings. Although many new dormitory suburbs surround the city, it constantly has a very much lived-in feeling, with its various parts having distinctly different atmospheres. All have the pavement cafes and *tascas* (bars) where *madrileños* meet for lively gossip and conversation, or to eye each other in the latest fashions. Good public transport and 15,000 bustling taxis make getting around easy and economical.

Understandably, Madrid is moving rapidly to be among the top European city destinations. It is guardian of a choice selection of the country's past artistic achievements and prime mover in its cultural renaissance. So there's much to see and, at times, feel a part of. There's an excellent range of hotel accommodation with a quality/price ratio which beats most North American and European comparisons. And one of the great pleasures in Madrid is enjoying, at equally good value, the great variety of eating places—from humble *tapas* bars, ritzy cafes or gleaming fast food franchises to the very best of Spain's sophisticated restaurants offering regional and international cuisine. Elegant shops are another temptation. By public transport, coach tour or car, there's easy access to a varied countryside, fascinating sites and beguiling cities for day, or longer, excursions.

The *calles* Serrano, Lagasca, Velázquez and Goya in the Salamanca district have most of the smart shops, fashion boutiques, art and antique galleries. In the Centro district, the Gran Vía is a mixture of New York's Broadway and London's Oxford Street, ending at the Plaza España with its monument to Cervantes. Near the Puerta del Sol, zero point for kilometre markings from the city, there's a pedestrian precinct which has two big department stores. A short walk leads to the oldest, Hapsburg part of the city. It is a maze of narrow streets, with the grand, now slightly dilapidated, Plaza Mayor, ceremonial setting of the past and present, which is lined with bars and restaurants. The area is packed with eating and drinking places and lively at all hours. The Plaza Santa Ana is a favorite venue for tourists, especially for Americans in search of Hemingway's Spain. The famous El Rastro flea-market (best on Sundays) is held nearby.

The long, broad and tree-lined Paseo Castellana dissects the city on a north/south axis. Down to Nuevos Ministerios it passes flamboyant, successfully designed, and also some dreary, buildings of the newest business and residential areas. Then it is lined by an assortment of modern hotels, office blocks and aristocratic palaces, many now converted to banks and offices. Beyond the Plaza Colón, with its cascades of water and monuments to Columbus and to Spain's new Constitution, it becomes the Paseo Recoletos with fashionable cafes. In the warmer months, these have outdoor areas from which to view a fascinating parade of the city's people and visitors by night and day—a pastime that can also be enjoyed in many other avenues and squares. After the Plaza de Cibeles, with its beautiful fountain and the impressive main post office, there's the Paseo del Prado which, beyond La Fuente de Neptuno—another imposing fountain—leads to the Prado Museum.

The Prado alone is reason enough to visit Spain. From among its immense collection, it exhibits some of the best works of El Greco, Velázquez, Goya, Zurbarán, Ribera, Ribalta, Rubens, Tintoretto, Bosch, Titian—in fact, a list of the best in gothic, renaissance, mannerist and baroque art. A good deal of time and repeated visits are needed to fully take in the vast array, but a few hours just allocated to the rooms of Velázquez, Goya and El Greco will produce the reward of knowing more intimately the staggering talents of these great Spanish artists. In an annex, the Casón del Buen Retiro, Picasso's awesome Guernica is dramatically displayed. Beyond the Casón, lies the large and wooded Parque Retiro, a retreat from the city's bustle with leisure and amusement amenities, pavement artists and temporary exhibitions.

More museums and galleries are spread around the city. Most notable are the National Archaeological Museum, museums of Modern and Contemporary Art, the Queen Sofía Fine Arts Center, Lázaro Galdiano Museum, Goya Museum, Museum of the Americas, National Museum of Decorative Art and the Army Museum. Other sightseeing highlights are the royal apartments, armoury, library and pharmacy of the Palacio Real (Royal Palace), which has an impressive site overlooking gardens, the feeble Manzanares river and, beyond, the vast Casa de Campo recreation area where *madrileños* flock at weekends. Also worth taking in are the richly-endowed Descalzas Reales Convent and Real Fábrica de Tapices where tapestries are still produced by hand.

There's a longer list of buildings, arches, monuments, parks, *plazas* and open-air venues for exhibitions that visitors will want to admire when moving about the city. But much of Madrid's most endearing appeal will be discovered, beyond the obvious tourist sights and precincts, in the places frequented by the animated *madrileños*—an intermingled people from all parts of Spain, who have added their customs and cuisines to make a multiflavored and effervescent mix.

Heavenly Dreams

This Romanesque church is on the route to Compostela which literally means "Field of Stars."

Pilgrims have used these stars to help guide them to the tomb of the apostle St. James at Santiago de Compostela. Beginning in the 9th century, this remote corner of Galicia has been transformed into a place of pilgrimage for tens of thousands from all over the world.

You can follow the stars as the Pilgrims did and discover the true spirituality of Spain. Rich in historic, cultural and artistic treasures with a people friendly and generous. Its cuisine is varied from one region to the next and will no doubt leave you with an unforgettable experience.

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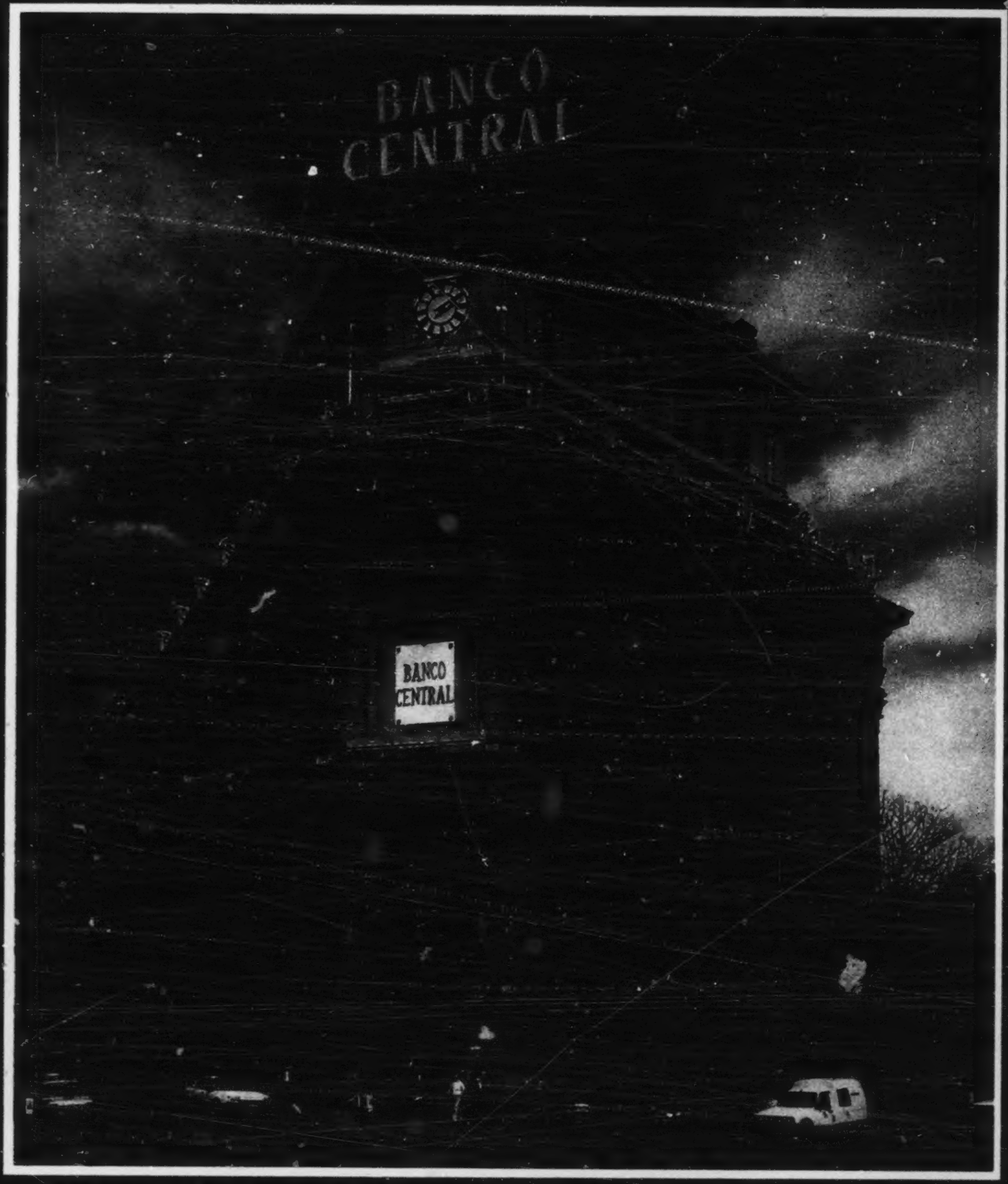

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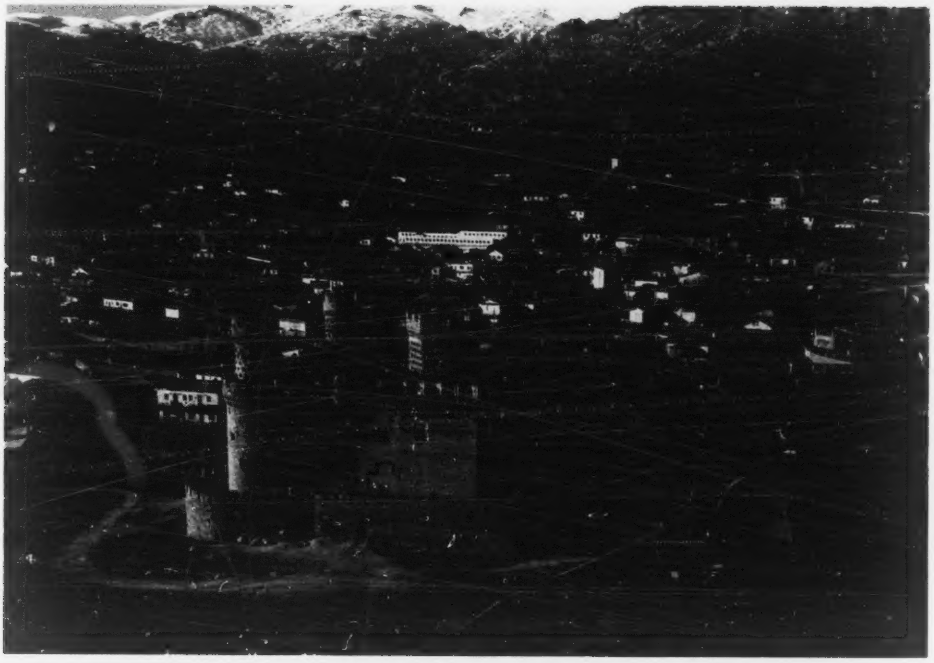

The 15th-century castle of Manzanares él Real, northwest of the city of Madrid, has been restored to its former glory.

MILESTONES

in the History of Madrid

CENTURY	YEAR	HISTORY OF MADRID
9th	c 856	Madrid is founded by the Muslims (Muhammed I)
10th	c 936	Incursions of Ramiro II of León and Abd al-Rahman III of Córdoba
11th	1083-90	The conquest of Madrid (Alfonso VI). It is incorporated in the kingdom of Castile.
12th	1152	Alfonso VI grants privileges and land to the inhabitants of Madrid.
13th	1202	The code of law granted Madrid (Alfonso VIII).
14th	1309	The Court of the kingdom is held in Madrid for the first time.
15th	1463	Enrique IV creates a free market in the city to be held on Tuesdays.
16th	1501	The Catholic Monarchs move the Monastery of the Hieronymus monks to where it stands today.
	1528	The Court of Castile is held in the Monastery of San Jerónimo. There Prince Felipe takes the oath as the Prince of Asturias.
	1584	Segovia Bridge (by Juan de Herrera).
17th	1601-6	The Court is moved to Valladolid and then back to Madrid
	1605	Publication of the first part of Don Quixote by Juan de la Cuesta's printshop.
	1617-19	Construction of La Plaza Mayor (by Juan Gómez de Mora).
	1622	Diego Velázquez arrives in Madrid
	1660	Velázquez dies in Madrid.
18th	1712	The Royal Library is opened to the public.
	1738	The foundations are laid for the Royal Palace following a project by Sachetti.
	1759	Beginning of Carlos III's reign.
	1764	The old Puerta de Alcalá is demolished.
	1766	The Esquilache uprising.
	1778	The construction of the Puerta de Alcalá is finished, following a project by Sabatini.
	1785	Juan de Villanueva begins the construction of today's Prado Museum.
	1780	The Plaza Mayor burns. Villanueva begins restoration.

MILESTONES (CONTINUED)

CENTURY	YEAR	HISTORY OF MADRID
19th	1842	Construction of the Central University building is San Bernardo St (by Narciso Pascual y Colomer).
	1843-50	Construction of the Parliament building (by Narciso Pascual y Colomer).
	1850	Definitive project of Oriente Sq (by Narciso Pascual y Colomer). Inauguration of the Royal Theatre.
	1851	Inauguration of the first railway line between Madrid and Aranjuez.
	1856	Inauguration of the La Zarzuela Theatre.
	1860	The Enlargement Plan of Madrid, ie, the Castro Plan, is approved by Royal Decree.
	1865-91	Construction of the National Library.
	1868	Democratic revolution. Isabel II is brought down.
	1875	Alfonso XII arrives in Madrid.
	1876	Creation of the 'Institución Libre de Enseñanza'.
	1883-87	The Velázquez and the Crystal Palace are built in the Retiro Park (by Ricardo Velázquez).
	1892	The 'Compañía Madrileña de Urbanización', a construction company, begins building the 'Ciudad Lineal' area, following a project by Arturo Soria.
20th	1910	Inauguration of the Gran Vía
	1919	Inauguration of the first section of the underground.
	1923	Beginning of Primo de Rivera's dictatorship.
	1928	Alfonso XIII inaugurates the works of the University City.
	1931	Proclamation of the II Republic.
	1936	Election victory of the Popular Front. Beginning of the Civil War.
	1937	The Committee for Remodelling, Reconstruction and Reconditioning Madrid is set up.
	1939	Board for the Reconstruction of Madrid. Madrid falls, end of the Civil War.
	1946	Spceial Law for the Madrid Development Plan.
	1950	Development Plan of Madrid Satellite Centres.
	1952	Madrid Transport Plan.
	1954	Tender for the development of the AZCA block.
	1957	The Organization of Satellite Villages. The construction of the building known as La Torre de Madrid, by the Otamendi brothers.
	1963	The General Urban Development Plan of the Madrid City Area.
20th	1964	The Planning and Coordination Commission of the Madrid Metropolitan Area. The Municipal Urban Development Department.
	1970	The population of Madrid passes the three-million mark.
	1972	The revision of the Madrid road network is approved.
	1974	Inauguration of the M-30 ring road.
	1976	End of the construction works of Chamartín Station by Corrales and Molezún. The Bankinter building is finished by R. Moreno and R. Bescós on La Castellana.
	1977	Special all-round recuperation plan of Madrid.
	1979	Democratic municipal elections: Tierno Galván becomes Lord Mayor of Madrid. The Madrid Fair Institution IFEMA is created.
	1980	Special plan to project and preserve buildings and areas of interest to art and architecture in the City of Madrid.
	1982	The General Urban Development Plan of Madrid.
	1986	End of the remodelling work of La Puerta del Sol. End of the refurbishing works of the former San Carlos Hospital with the inauguration of the building as the Reina Sofía Cultural Centre.
	1987	End of the remodelling works of La Blorieta de Atocha.
	1988	Designation of Madrid as the *European Capital of Culture*. Las Descalzas Reales Monastery is chosen as the *Museum of the Year* by the Council of Europe. Inauguration of the first section of Atocha Station.
	1989	Spanish Presidency of the Council of Ministers of the CEE.

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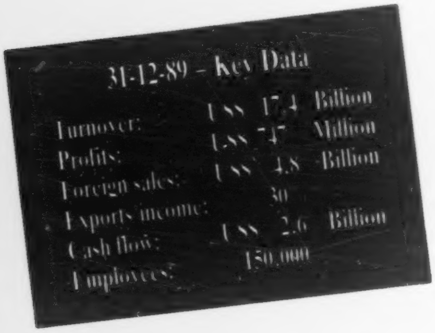

31-12-89 – Key Data

Turnover:	US$ 17.4 Billion
Profits:	US$ 747 Million
Foreign sales:	US$ 4.8 Billion
Exports income:	30
Cash flow:	US$ 2.6 Billion
Employees:	150.000

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Through CASA alone, we have been able to forge our presence in international markets having signed various Agreements with American Aerospace companies. Today 40 CASA aircrafts fly across American skies.

DEFENCE INDUSTRY
SOON IN THE USA

Our contribution to the technological development of the industry has guaranteed our presence in the main international defence programmes such as EFA, MSOW and WAID. This contribution has even tempted the U.S. Air Force to become one of our customers and now we are taking care of their fleet's maintenance in Spain. In fact, we expect our defence equipment to be part of the U.S. Armed Forces shortly.

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Our shipbuilding company constructed and delivered two "freezing vessels" to an important American company in 1989, having received an order for another seven vessels which are presently under construction. After all, we Spaniards did build the first ships ever to cross the Atlantic and we've been at it ever since, always with the latest state of arts.

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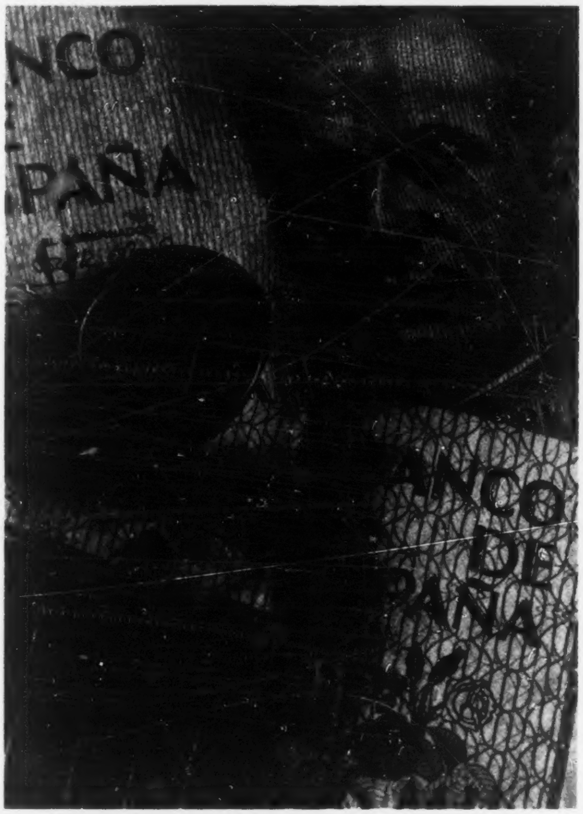
Madrid: An Open City for Finance



The modernization of the Spanish financial system has followed steps similiar to those taken by the rest of the developed countries of the world. The liberalization of the system has been a result primarily of financial innovations and the internationalization of the activities of its financial markets.

Apart from containing the largest concentration of basic financial institutions, Madrid is where the major credit, monetary, and stock market operations take place. It is the focal point of the financial activities of the entire country. Financially, Madrid is currently one of the most dynamic cities in all of Europe, connected to the major financial centers of the world by the most sophisticated telecommunicational means. Investments flow in daily. and seem to be moving at an even quicker rate than that expected when the basic liberalization policies were formed.

The Madrid Stock market represents 65% of total national financial contracts, rising (in 1988) to a total volume of 8,730 billion pesetas.

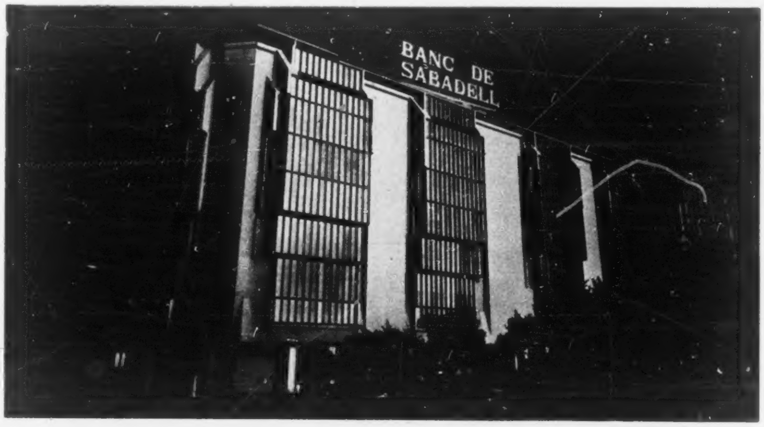
THE FOLLOWING ARE CONCENTRATED IN MADRID:

- Seven-hundred of Spain's 2,000 largest companies (in terms of sales volume).
- The headquarters of more than one-third of Spain's large companies; and the important offices of another third.
- The five companies which had the highest earnings in 1987 (Telefónica, Endesa, Repsol, Ford España and IBM España) are headquartered in Madrid.
- Of the five companies with the greatest sales volume in 1987 (Repsol, Campsa, Telefónica, Tabacalera and Endesa) four have their headquarters in Madrid.
- The five companies with the highest net investment (Telefónica, Hidroeléctrica Española, Endesa, Iberduero y Torres, Hostands) have their headquarters in Madrid.
- The headquarters and offices of almost all the multinational companies that operate in Spain, although, in many cases, the productive centers are scattered throughout the country. The Paseo de la Castellana, Madrid's major boulevard, has become Spain's first decision-making axis in economic matters.
- More than one-half of the central offices of commercial banks, control from here close to two-thirds of their offices around Spain.
- The central offices of all the major foreign banks.
- The central offices of 75% of the major insurance companies.
- The Central Administration, which provides more than 100,000 jobs.
- The point of origin of all the roads that radiate in six axes toward Spain's other regions.
- The center of railway and air traffic (Barajas Airport).
- The most important Access Centers to Data Banks; any telematic connection can be handled by the Compañía Telefónica Nacional de España, which has already made the IBERPAC data service available.
- The first Technological Park of Madrid (Polígono Industrial de Tres Cantos), specialized in the installation of advanced technological enterprises.

THE 40 LARGEST COMPANIES HEADQUARTERED IN MADRID

(1987)

	COMPANY	SECTOR
1.	Repsol	Petroleum
2.	Telefónica	Public Services
3.	Tabacalera	Diversified Activities
4.	El Corte Inglés	Department Stores
5.	Cepsa	Petroleum
6.	Endesa	Electric Energy
7.	Iberia	Transportation
8.	Hidroeléctrica Española	Electric Energy
9.	Fenosa	Electric Energy
10.	IBM	Information Technology
11.	Pryca	Retailing
12.	Explosivos Rio Tinto	Chemical Industry
13.	Dragados y Construcciones	Construction
14.	Renfe	Transportation
15.	Peugeot Talbot España	Automotive
16.	Mercamadrid	Wholesale Trade
17.	Safe Michelin	Plastics & Rubber
18.	Saudisa Continente	Retailing
19.	American Express España	Financial
20.	Centra	Business Services
21.	Enasa	Automotive
22.	Alcampo	Retailing
23.	Campsa	Petroleum
24.	Inespal	Metals
25.	Agromán	Construction
26.	Focsa	Construction
27.	Galerías Preciados	Retailing
28.	Entrecanales y Tavora	Construction
29.	Sesostris	Wholesale Trade
30.	Cubiertas y MZOV	Construction
31.	Mercedes Benz España	Automotive
32.	Petromed	Petroleum
33.	Alcatel Standard Eléctrica	Electronic Equipment
34.	La Estrella	Insurance
35.	La Unión y el Fénix Español	Insurance
36.	Ferrovial	Construction
37.	Enagás	Electric Energy
38.	Femsa	Electric Machinery/Equipment
39.	Uralita	Metal & Mineral Products
40.	Philips Ibérica	Electronic Equipment



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SABADELL, Spain

Established 1881

Capital and Reserves: Ptas. 47.200.000.000

Branches:
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IFEMA
Feria de Madrid

Madrid: An Open City for Conventions

As an open, universal city—which is how Madrid is defined—it very soon had to become a privileged, excellent place—especially those connected with congresses, conventions, seminars and meetings.

Madrid as a city of meetings seemed to be an attractive prospect at the beginning of the eighties, a prospect which had to be implemented by specialized equipment, installations and services, efficient and modern at the same time, and serviced by specialized personnel with a good knowledge of the most sophisticated techniques.

This was done in a few years. Today Madrid occupies the fifth place among places specializing in international conventions and congresses.

Open on all sides, a peninsular and international crossroads, with no limits except those established by a sense of what is just and convenient, Madrid raises its white flag as a symbol of peace and understanding among mankind.

Madrid as a city of meetings is a forum of hope, a reference point for all those who want and dream of a better world.

IFEMA—The Madrid Trade Fair Organization

In Madrid, about 36 trade fairs are held each year, organized by IFEMA. The enormous attendance of Spanish and foreign professionals and industrialists at these events has outgrown the present exhibition centers, and has led to the creation of new ones, bigger and more modern, beside Barajas Airport.

The commercial vocation has suited Madrid well for some time. Since Philip II made it the capital of all the Spains and centre of the political and financial management of his empire (1562). The establishment in the town of the most noteworthy fotunes in the country and the frequent visits by merchants from other provinces, encouraged peasants, stockbreeders and craftsmen to bring to the capital their best products, presuming that here they would sell well and bring prestige and more demand to their produce and businesses.

The centuries have passed and nothing remains but chronicle of those open-air fairs that packed squares and back streets. However, nowadays, on the threshold of the 21st century, Madrid continues to be the scene of very important commercial transactions among people who have come from very different geographical regions. Producers, distributors and customers from varied industrial and professional sectors get together annually in Madrid at the trade fairs organized by IFEMA. During three, five or seven days, various people established trading relations, study their problems and common projects, and undertake operations worth millions.

IFEMA has made this, in barely a decade, one of the busiest trade fair capitals in Europe.

Limited Space

Four local organizations, the City Council, the Provincial Council (later replaced by the Autonomous Community), the Caja de Ahorros savings bank and the Chamber of Commerce, agreed, in 1979, to create IFEMA. Their mission was to set up the mechanisms and infastructure to organize and develop commercial, national and international meetings in Madrid. Until that time some monographic fairs had been held at the initiative of businessmen, and later they were incorporated into IFEMA's program. Such is the case of Iberpiel, Simo or the Electrification Fair.

IFEMA began to function in 1980 with funds provided by the four organizations that made up the consortium. The City Council made available four pavilions in the Casa de Campo (belonging to the defunct Feria del Campo fair), and the Chamber of Commerce lent the Palace of Exhibitions in Castellana 257.

In that first year, 17 fairs were held in which 1,121 exhibitors took part and which attracted 1,200,000 visitors. Since that time the figures have not stopped growing, in spite of the limited space available to IFEMA: 46,876 square metres altogether. In 1988 (latest available figures), 37 trade fairs were held in Madrid, bring together 14,685 exhibitors and 2,507,063 visitors.

Today, according to IFEMA officials, the present fairgrounds have become obsolete, even though IFEMA has invested more than 9,000 million pesetas on improvements since its establishment—by trade fair activity, since IFEMA received only 46 million pesetas in working capital. (IFEMA is a non-profit organization, so any economic benefits are invested in its own performance and improvement).

Since it is no longer possible to increase the number of fairs, although the demand exists, IFEMA's management has fixed its hopes for the future on the new fairgrounds now being built on the outskirts of Madrid. They calculate that IFEMA activity will grow between 40% and 50% in the first year at the new location.

In its new home, IFEMA will have three times more exhibition space than it currently has in the Casa de Campo, close to 100,000 square meters, distributed in eight pavilions of various sizes which can be used jointly or separately.

There will be six large pavilions (four or 16,200 and two of 10,800 square meters) and two smaller ones of 5,400 square meters, plus a central building. The eight pavilions are grouped around an arcaded and gardened square and are linked to each other through modules of two floors. There will be 8 smart restaurants, 14 self-service restaurants, and 14 bar-cafeterias, enabling the serving of up to 10,500 meals per day. In addition there will be parking space for 14,000 cars, 104 trucks and 156 buses and 200,000 square meters of gardens, plus 12,000 square meters for warehouses for storage of trade fair materials.

The new fairground will be inaugurated in the autumn of 1990, according to IFEMA officials. □

Madrid: Open for Industry

THE ECONOMIC FRAMEWORK OF THE COMMUNITY OF MADRID

The Community of Madrid's economy is conditioned by the presence within its territory of the municipality of Madrid, capital of the nation and, as such, the major political and decision-making center of Spain.

During the last decade, Madrid has become a major international center in terms of services offered and advanced technology. It is the first services center and the second industrial center of Spain, which, together with the size of its population, makes it the first city in the Spanish urban hierarchy. In its outskirts, diverse residential and industrial centers have proliferated to form a dense metropolitan network.

Industry.

Although Madrid is the largest center of services in the country, it also has a powerful industrial sector which, including construction, represents more than 25% of total production (versus the national average of 33%).

Industry is concentrated principally in the metropolitan area and, moreover, in the Corredor de Henares, the southeast and south or, more specifically, around national highways II, III, IV and V.

Manufacturing industries clearly predominate over the basic industries, the latter participating only in the production of raw materials for construction. The five groups of greatest importance are the following: mechanical products and machinery (electronics, automobiles and metal products); food-stuffs, textiles, leather, paper products, graphic arts and printing; and chemical products.

Although there are industrial companies of all sizes, **highly specialized small and medium-sized enterprises,** which rely heavily on advanced technology for their profitability, are increasingly abundant. Nonetheless, Madrid still retains the greatest number of large companies in terms of sales volume and number of employees.

The technological level of industry in Madrid continues to rise with the incorporation of new enterprises belonging to more dynamic branches such as electronics, computer science, robots and computer knowledge (artificial intelligence), biotechnology, pharmaceutical chemistry and public and private institutions of investigation.

WORKING AGE POPULATION 1988 COMMUNITY OF MADRID

(In percentages)

Between 16 and 34 years of age	48.5	Males:	58.7
		Females:	41.3
Between 35 and 64 years of age	50.9	Males:	77.7
		Females:	22.3
Between 65 years and over	0.6	Males:	66.3
		Females:	33.7
Total:	100.0		

Source: Servicios de Estadistica of the Community of Madrid

SPAIN: MAP OF AUTONOMOUS COMMUNITIES

FRANCE
Galicia
Asturias
Cantabria
País Vasco
Navarra
La Rioja
Cataluña
Castilla y Leon
Aragon
MADRID
PORTUGAL
Extremadura
Castilla-La Mancha
Comunidad Valenciana
Baleanc Islands
Murcia
Andalucia
Canary Islands
MOROCCO

STRUCTURE OF PRODUCTION AND EMPLOYMENT COMMUNITY OF MADRID GROSS PRODUCTION

(Gross Added Value)

	Production Percentage	Employment Percentage
PRIMARY SECTOR	**0.3**	**1.1**
Agriculture, Livestock and Forestry	0.3	1.1
INDUSTRY	**19.7**	**22.5**
Energy + Water	1.0	0.8
Minerals + Metals	0.6	0.5
Minerals and Non-Metallic Products	1.2	1.0
Chemical Products	1.9	1.8
Metal Products and Machinery	5.0	6.5
Transport Material	1.3	2.0
Food, Beverages and Tobacco	2.3	2.3
Textiles, Leather and Footwear	2.3	3.0
Paper Products and Printing	2.4	2.5
Wood, Cork and Wood Furniture	0.7	1.3
Rubber, Plastics and other Manufactured Products	0.9	0.8
CONSTRUCTION	**4.2**	**6.5**
Construction and Engineering	4.2	6.5
SERVICES	**75.8**	**69.9**
Restoration and Repairs	3.4	2.5
Commercial Services	12.0	14.3
Hotels and Restaurants	5.2	5.1
Transportation and Communications	10.5	8.7
Creidt and Insurance	11.4	5.5
Leasing of Real Estate	4.8	0.2
Education and Health (Private)	2.8	2.6
Other Services	10.1	8.2
Domestic Services	1.4	5.0
Public Services	14.3	17.8
Total	100.0	100.0

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Madrid: Open for Foreign Investment

In just a few years, Spain has become an ideal place for foreign investment. The incorporation of Spain into the Common Market has promoted the presence of foreign and multinational firms in search of a place that has not yet been fully exploited and with evident possibilities for expansion and benefits. In addition, Spain emphasizes the improvement of conditions intrinsic to doing business, by legitimizing the obtaining of benefits and endowing the businessman with new social prestige and respect.

Business benefits in practically all sectors have increased at an annual rate of approximately 12% in 1987 and 1988.

One-third of the economic growth in Spain in the years 1986 through 1988 has been due to the effects of foreign investment, which in recent years has amounted to roughly 2% of the GNP.

The intense influx of foreign capital in the private sector surpassed 1.05 trillion pesetas in 1988, nearly tripling the figure of 1985. Total foreign investment for the two-year period 1987-88 equalled the total of the previous seven years, 1980-86; and the first five months of 1989 have doubled the foreign investment total of 1988.

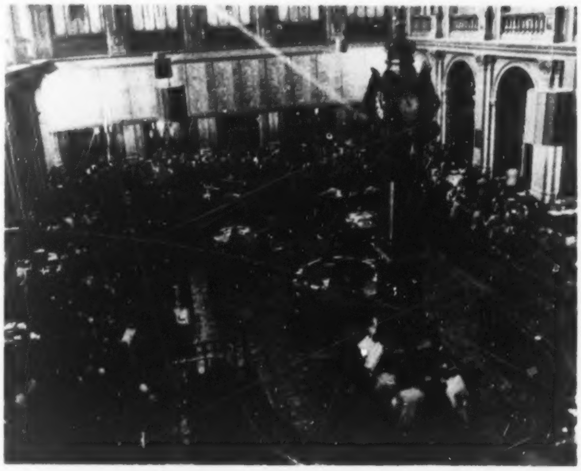
Stock Market Investment in Spain. Direct investment represents 49% of total foreign investment, but the largest percentage increase was reflected in stock market investment (which went from 300 million pesetas in 1981 to 246 billion pesetas in 1988. Foreign investment in real estate has grown at a rate of about 20% annually (1981-86) to almost 200 billion pesetas. Logically, the biggest investors are the industrialized countries of Europe, the United States, Canada, Japan, and Panama.

DEVELOPMENT OF FOREIGN INVESTMENT IN SPAIN 1960-1988

Years	Millions of Pesetas
1960-69	1,194,1
1970-79	516,802,1
1980-1986	2,176,900,0
1987-1988	2,060,000,0

Foreign Investment in Madrid.

In 1988, approximately 46% of direct foreign investments in Spain went to Madrid, which together with Catalonia (24% of the total) channeled 70% of foreign investments in Spain.



The Stock Exchange, Madrid

THE 100 SPANISH COMPANIES WITH LARGEST FOREIGN CAPITAL WITH HEADQUARTERS IN THE COMMUNITY OF MADRID

(According to value of investment, August 1987)

Company	Sector
1. S.E. de Automóviles de Turismo SEAT	Automotive
2. Galerías Preciados, S.A.	Department Stores
3. General Motors España, S.A.	Automotive
4. Mercedes Benz España, S.A.	Automotive
5. Standard Eléctrica, S.A.	Electronics
6. Antibióticos, S.A.	Pharmaceuticals
7. Hornos Ibéricos, S.A.	Cement
8. Unilever España, S.A.	Diversified
9. Industria Española del Aluminio	Metallurgy
10. Philips Ibérica, S.A.E.	Electronics
11. Fábrica Española de Magnetos, S.A.	Electric Equipment
12. I.B.M.	Information Systems
13. ALCAMPO, S.A.	Department Stores
14. Banco Arabe Español, S.A.	Bank
15. Europistas Concesionaria Española	Public Services
16. Ibérica de Electrodomésticos, S.A.	Household Electric Products
17. Banco de Descuento, S.A.	Bank
18. Citibank España, S.A.	Bank
19. Inmura, S.A. y Cia en const.	
20. John Deere Ibérica, S.A.	Automotive
21. Rio Tinto Minera, S.A.	Chemicals
22. Banco de Finanzas, S.A.	Bank
23. Nueva Asociación para Nutrición	Food products
24. Tarragona Quimica, S.A.	Chemicals
25. BNP España, S.A.	Bank
26. Manufacturas Fotográficas Españolas	Chemicals
27. Promotora de Hipermercados, S.A.	Department Stores
28. Upjohn Framoquimica, S.A.	Chemicals
29. Empresa Nacional de Autocamión	Automotive
30. Banco Hispano Americano, S.A.	Bank
31. Laing Ibérica, S.A.	Construction
32. Torre Serrano, S.A.	

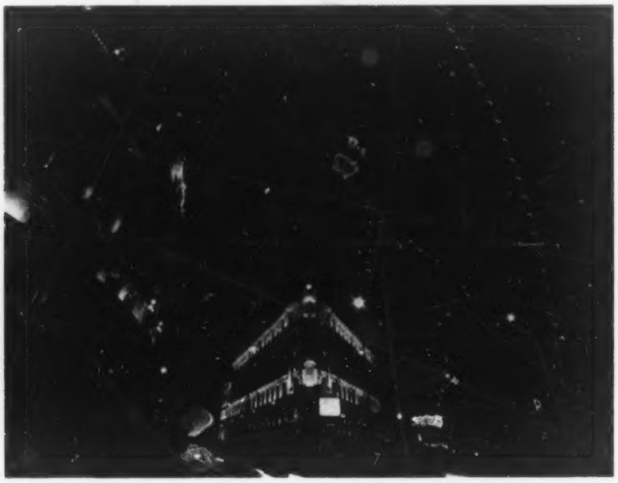
(CONTINUED ON FOLLOWING PAGE)

MADRID: AN OPEN CITY

THE 100 SPANISH COMPANIES WITH LARGEST FOREIGN CAPITAL WITH HEADQUARTERS IN THE COMMUNITY OF MADRID (CONTINUED)

Company	Sector
33. SKF Española, S.A.	Mechanical Construction
34. Renault Vehiculos Industriales	Automotive
35. AEG Ibérica de Electricidad, S.A.	Electrical Equipment
36. Derivados Lácteos y Alimenticios	Food Products
37. Kodak, S.A.	Chemicals
38. Titanio, S.A.	
39. Universo, S.A., Compañia Española	
40. S.A. de Fibras Artificiales	Textiles
41. S.E. del Oxigeno, S.A.	Chemicals
42. Cia. Modas, S.A. y Cia. Sociedad en const.	
43. Construcciones Aeronáuticas, S.A.	Mechanical Construction
44. Rio Ródano, S.A.	Chemicals
45. Sdad. Minera Metalurgica Peñarroya-Esp.	Minerals
46. Cia. Industrial de Abastecimiento	
47. Glasurit, S.A.	Chemicals
48. Cia. Intercontinental de Seguros	Insurance
49. Lyonnaise España, S.A.	Bank
50. National Can Ibérica, S.A.	Mechanical Construction
51. Sdad. Española de Comunicación	
52. Exploración Minera Internacional	Mining
53. S.A. El Aguila	Beverages
54. Banco Saudi Español, S.A.	Bank
55. Fasfunda, S.A.	
56. Siemens, S.A.	Electrical Equipment
57. Wendy Restaurants Spain, S.A.	Hotels
58. Cia. Coca-Cola de España, S.A.	Beverages
59. B.P. Española de Petróleos, S.A.	Petroleum
60. Nurel, S.A.	Textiles
61. Rank Xerox Española, S.A.	Information Systems
62. Intercontinental Quimica, S.A.	Chemicals
63. Hidro Nitro Española, S.A.	Chemicals
64. Financiera Sotogrande, S.A.	Finance
65. Giralt Laporta, S.A.	Glass
66. Fujitsu España, S.A.	Information Systems
67. Telettra Española, S.A.	Electronics
68. Constructora Nal. Maquinaria Eléctrica	Electrical Equipment
69. J.L. Case, S.A.	Commercial
70. Pioneer Concrete Hispania, S.A.	Construction Materials
71. Villamagna, S.A.	Hotels
72. Hiram Walker Europa, S.A.	Beverages
73. Procter and Gamble España, S.A.	Household products
74. GTE Electrónica, S.A.	Electronics
75. Cia. Española para la fabricación	
76. Cia. Andaluza de Minas, S.A.	Mining
77. Laboratorios Beecham, S.A.	Pharmaceuticals
78. General Electric USA Electrone	Electronics
79. Claas Ibérica, S.A.	Commercial
80. Eurovias Concesionaria Española	Public Services
81. Schering España, S.A.	Chemicals
82. Explotaciones Puerto Vallehermoso	
83. Enasa Internacional de Motores	Automotive
84. Merck Sharp y Dohme de España	Pharmaceuticals
85. S. Petrolifers Española Shell	Petroleum
86. Fab. prod. quimicos y farm. Abelló	Pharmaceuticals
87. Industrias de Telecomunicación	Electronics
88. Sandersa Industial, S.A.	
89. Pepsi Cola de España, S.A.	Beverages
90. Financisa, S.A.	Finance
91. 3M España, S.A.	
92. Alfa Laval, S.A.	Mechanical Construction
93. BDF Nivea, S.A.	Household Products
94. Iberenin, S.A.	
95. Industrias Quimicas Asociadas	Chemicals
96. Rioblanco, S.A.	
97. Tapón Corona Ibérica, S.A.	
98. Seficitroen Fiunanciaciones, S.A.	Finance
99. BMW Ibérica, S.A.	Automotive
100. Cajas Registradoras National, S.A.	☐

Fuente: Ministerio de Economía y Hacienda. Dirección General de Transacciones Exteriores.



MADRID

FAIR CALENDAR 1990

JANUARY

12-16	**REGALO FAMA** (a) International Gift Fair
12-16	**BISUTEX** (a) Costume Jewelry Fair
11-15	**INTERLUM** (a) (*) Lighting Trade Show
24-28	**FITUR** (b) International Tourism Trade Fair
25-29	**IBERJOYA** (a) (*) International Jewelry, Silverware and Watch Exhibition

FEBRUARY

4-7	**IBERVIDEO** (a) Video Production Trade Show
8-13	**ARCO** (c) International Contemporary Art Fair
21-25	**INTERNATIONAL FASHION WEEK** (a) International Women's Fashion Fair Imagenmoda Intermoda Inmoda-Animoda (*)

MARCH

6-9	**SICUR** (a) International Security, Safety & Fire Exhibition
6-9	**TRAFIC** (a) International Road Safety Exhibition
21-25	**MOGAR** (a) International Furniture Trade Show
22-25	**FLORISTA** (a) (*) Floristry and Garden Centers Trade Show

APRIL

1-5	**IBERPIEL/PELETERIA** (a) Leather and Fur Fashion Fair
7-9	**EXPOCALZADO** (a) International Footwear Trade Show
18-22	**DOMELEC** (b) International Electrical Appliances Show
28-6	**EXPO/OCIO** (c) Hobbies & Leisure Fair
28-6	**SALON INTERNACIONAL DEL BRICOLAGE** (c) International Do-it-Yourself Fair

MAY

16-19	**EXPOMUSICA/BROADCAST** (b) The Music Show/Radio & Television Equipment Exhibition
25-28	**EXPO/OPTICA** (a) (*) International Optics, Optometry and Audiology Exhibition
31-3	**TECNOCLEAN** (a) International Exhibition of Cleaning, Maintenance & Conservation Techniques

JUNE

7-9	**EXPODENTAL** (a) Dental Equipment, Supplies and Services Show
12-15	**TEM** (a) International Municipal Services & Equipment Exhibition

13-16	**GRAFEX** (a) (*) Printing Techniques and Supplies Exhibition **FINART** (b) (*) International Handicrafts Fair

SEPTEMBER

6-9	**INTERNATIONAL FASHION WEEK** (a) International Women's Fashion Fair Imagenmoda Intermoda
14-18	**REGALO/FAMA** (a) International Gift Fair
14-18	**BISUTEX** (a) Costume Jewelry Fair
17-19	**OPTOLEC** (a) (*) Laser and Electrooptics Show
22-24	**FIDEC** (a) International Sporting Goods Trade Show
26-30	**INMODA-ANIMODA** (a) (*) Imported Women's Fashion Fair

OCTOBER

6-8	**EXPOCALZADO** (a) International Footwear Trade Show
6-8	**INTERLOOK** (a) International Hairdressing, Beauty Care, Cosmetics & Perfume Show
16-18	**COGENERACION** (a) (*) International Energy Cogeneration Show
16-20	**MATELEC** (a) International Exhibition of Electrical Material for Installations & Rural Electrification

NOVEMBER

2-5	**IBERPIEL-MARROQUINERIA** (a) Leather Goods Fair
6-9	**EXPOMEDICA-HOSPITALIA** (a) (*) International Medical Equipment Trade Show
16-23	**S.I.M.O.** (b) International Office Equipment & Data Processing Show
23-2	**FERIARTE** (c) (*) Antiques Fair

(*) Fairs held at the Exhibition Center on Paseo de la Castellana, 257
All other events held at the Casa de Campo Fairgrounds

(a) Trade visitors, only
(b) Trade visitors and public
(c) Open to general public

IFEMA
Feria de Madrid

NAMES IN THE NEWS

FERNANDO GÓMEZ AVILÉS-CASCO has been named General Director of the Chambers of Commerce in Spain. The former General Secretary of Commerce, he has two major goals in his new position: Negotiations with the government over a new charter for the Chambers, replacing the existing one, written in 1911; and implementation of a promotional export plan to which the chambers will be allocating a prospective budget of three billion pesetas in 1991.

Dr. FERNANDO ALEU was recently elected President of the Spanish Institute. Chairman and CEO of COMPAR, he founded the company while being in the medical faculty of New York University. As a past president of the Chamber, Fernando Aleu is well known to many of its members. COMPAR distributes in North America the brands of Antonio Puig Perfumes, Barcelona; Paco Rabanne Parfums, Paris; Carolina Herrera Perfumes and Aleu/Hawthorne Laboratories of New York.

MARVIN TRAUB, Chairman of Bloomingdale's, which is planning a major promotion of Spain in September—a dynamic exposure for designers and manufacturers from Spain to display their image and product quality. Mr. Traub, a graduate of Harvard College and Harvard Business School, joined Bloomingdale's in 1950, was named president in 1969 and chairman in 1978.

ANTONIO CAMUÑAS has been appointed Representative in Spain of the Global Economic Action Institute, according to an announcement by Jeremiah Schnee, special advisor to the chairman of the Institute, made during the Japanese-European-American Investment Forum. The Institute has 14 national divisions and serves leaders of 75 nations.

SPAIN NEWS

Contrapunto, Madrid Ad Agency, "International Agency of the Year"

Advertising Age selects Spanish Agency over 51 other agencies in 19 countries.

By Marina Specht
Courtesy of *Advertising Age*

Storytelling abilities and surprise endings are some of the creative techniques that earned for Spain's Contrapunto the title of *Advertising Age* International Agency of the Year for 1989.

After two straight years as a runner-up, the Madrid-based shop was selected from 51 agencies in 19 countries.

A prime example of the Spanish agency's ability to capture a TV viewer's attention with a well-told tale is a commercial for the Spanish state railway, RENFE.

The commercial opens with a well-dressed business executive riding on a train. His work is interrupted, however, when a boy with an Indian headdress suddenly appears from behind the seat and pretends to shoot an imaginary arrow at the businessman, who playacts as a cowboy.

The man plays dead until the conductor wants his ticket.

It's only after almost 45 seconds that TV viewers realize they're seeing a commercial for the railway.

The agency's ads often make use of simple plots, superb photography and strong, straightforward copy.

These techniques are used for products and services as diverse as shoe polish from Reckitt & Colman, a hair-removing device from Protecno's Epilady and government social programs.

"Our only philosophy is to surprise [the viewer], always," said Juan Mariano Mancebo, 38, who shares the post of chief creative director at Contrapunto with Jose Maria Lapena, 37.

The story of Contrapunto's success is also being told by its gross income and billings growth.

Gross income hit $11.8 million in 1989 while billings reached $78.8 million, both up 15% from 1988.

The agency's most recent new-business coup was the $14.3 million Spanish Alfa Romeo car account, won last October from WPP Group's Conquest Europe.

"Alfa Romeo will be a big test for the agency," said Tomas Corominas, general manager of Contrapunto's Madrid office. Spain is Alfa Romeo's second-largest market after its home country, Italy.

The agency is developing Alfa Romeo's first TV campaign for Spain, which may be used in other European markets.

"We're hoping to work on all of Alfa Romeo's pan-European advertising, but we have to go step by step," Mr. Mancebo said.

Just as the agency openly refuses to handle assignments with strict predetermined guidelines on creativity, Contrapunto also rejects the organizational structure of traditional agencies.

"We believe in democracy in business—that's why we have chosen a horizontal structure, rather than a vertically organized company," Mr. Marcos said.

Contrapunto is run by a management team made up of its three founding members, each owning 10%. In addition to Mr. Marcos, the cofounders are Rafael Sarro, ceo, and Jose Garcia, a member of the executive management committee.

Despite such titles as president, no one is dominant over the overs. "All decisions are made by majority," Mr. Marcos said.

Six other top executives also hold shares in the company.

"This gives you a solid base in a business as volatile as ours," Mr. Marcos said. ☐

CHAMBER ACTIVITIES

Valencia Students Study New York Retailing

In April, the Spain-U.S.A. Chamber of Commerce organized a six-day visit to New York for a group of 35 students enrolled in the Trade and Distribution Masters Program offered by the Valencia Chamber of Commerce in collaboration with the Valencia Autonomous Government and the University of Valencia.

The purpose of the trip was to get a real knowledge of retail activity in the New York City area. The group of students was always accompanied by a staff member of the Spain-U.S.A. Chamber of Commerce who coordinated the meetings and offered translation services whenever necessary. ☐

BANCO DE SANTANDER (CONTINUED FROM PAGE 18)

85 pesetas per share for the year 1989.

During February, Banco Santander and other institutional investors acquired 40% of Banco de Comercio e Industria de Portugal (BCI).

The management companies of Banco Santander de Negocios increased its assets to more than $825 million through the introduction of a new $216-million Spanish investment fund on the New York Stock Exchange, "The Growth Fund of Spain". The international placement of this fund was managed by Nomura Securities and Paine Webber. ☐

SPAIN NEWS

Cooling the Spanish Economy

Domestic demand, imports, and inflationary pressures have grown and the government has imposed tougher controls, but "despite some minor disappointments, the economy is moving on the right track."

By José Luis Estévez

Spain has been Europe's fastest growing economy in the second half of the 1980s, with GDP growth of around 5% in each of the past three years. Now, fearing the consequences of an overheating economy, the Spanish government is tightening up on credit. With a 1989 trade deficit 36% higher than the previous year at Pa 3.2 trillion (US $29bn), a current account deficit almost quadrupled from $2.96bn in 1988 to $11.64bn, and, more significantly, an end-of-the-year inflation running at 6.9% (5.8% in 1988), well above the over-optimistic Government target of 3%, monetary and fiscal restrictions will continue to be applied in the immediate future. Failing to do this could undermine Spain's efforts to catch up with the rest of the European Community.

Last year's attempts to cool down the economy were ineffective: GDP growth remained at 5.2%. Unemployment fell from 23% in 1985 to 16% in 1989, a year during which more than 600,000 jobs were created. Foreign and domestic investment soared by more than 14%, with foreign investment rising by over 75% to $16.6bn. Domestic demand and imports mounted, and inflationary pressures grew. The current account deficit rose from 1.1% of GDP in 1988 to 3% in 1989, a level unacceptably high for the Spanish authorities.

With the objective of controlling monetary expansion and reducing so-called "speculative" foreign capital, Spain imposed regulations to stop company borrowing from abroad to avoid high interest rates. Companies were compelled to deposit 30% of their loans with the Central Bank while continuing to pay interest on the total amount. Banks, on the other hand, have to raise their liquidity reserves to reduce the amount of credit available. Nevertheless, the broad money supply continued to rise by 14.6% in the first half of 1989, while private credit rose 22%.

In July the government imposed tougher credit controls, reducing money supply from 14.6% in the first six months to 5% in August and September. The announcement of the peseta's integration into the European Monetary System was timed to reassure investors that Spain was committed to pursuing an anti-inflationary strategy. But private consumption grew by more than 7% last year with no signs of decreasing in the near future. Labor unions, demanding an average 9% rise on wages, could make the task even more difficult.

Success of Spain's "soft landing" strategy remains to be seen. Eastern Europe had not become the threat that some people feared, foreign investment continues to flow into the country and, despite some minor disappointments, the economy is moving on the right track. ☐

Macroeconomic indicators (*)

	1987	1988	1989
Private consumption	5.5	5.8	5.4
Public consumption	8.7	4.6	5.5
Gross capital formation	17.3	14.8	14.1
Domestic demand	8.5	7.6	7.5
Exports of goods and services	**5.9**	**7.2**	**4.8**
Imports of goods and services	20.4	19.0	15.8
GDP	**5.5**	**5.3**	**5.2**
Current account of the BOP (billions of US$)	**0.05**	**-3.5**	**-11.6**
As a % of GDP	—	-1.1	-2.9
Change in holdings of foreign reserves (billions of US$)	14.1	9.7	4.6
CPI (% change by year-end)	**4.6**	**5.8**	**6.9**
GDP deflator (average % change)	5.9	6.1	6.9

(*) Percentage changes in real terms unless otherwise specified.
Source: Ministry of Economy and Finance and Bank of Spain.

Evolution of consumer prices (*)

	1986	1987	1988	1989
General CPI	8.3	4.6	5.8	6.9
Food CPI	**10.6**	**2.7**	**6.4**	**7.5**
Processed food	9.9	2.6	5.9	8.6
Other food	11.4	2.9	7.0	6.3
Non-food CPI	7.1	5.6	5.5	6.6
Energy	-9.0	1.8	-1.8	5.9
Services	8.7	6.3	7.5	8.8
Other	8.6	8.6	4.4	3.7
Underlying CPI	**9.0**	**5.2**	**6.1**	**7.1**

(*) Year-on-year percentage changes.
Source: Ministry of Economy.

Interest rates (%)

	1989	1990	
	September	March	May
Bank of Spain's intervention rate	14.50	14.50	14.50
Three-month Interbank rate	15.10	15.35	15.15
1 year Treasury Bill	13.57	14.09	14.51
3 year Government Bonds	13.91	14.58	14.56

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SPAIN NEWS

Reforming the Spanish Stock Market (II)

Trading volumes, dividends, and foreign investment in the Spanish Stock Market are all increasing, and the outlook for Spanish stocks appears positive.

By Francisco J. de Lera

3. Trading Volumes

Trading volumes in shares have increased nearly by 60% during 1989, reaching a historical high of approximately Pts 3,800 billion (US$ 34.63 billion).

The turnover is concentrated in relatively small number of stocks. In fact, the ten most traded stocks represent nearly 32% of total turnover and the top twenty account for 50% of the total trading.

In the future, turnover should be positively affected by the possibility of the "Sociedades de Valores y Bolsa" to trade on their own account, a practice not frequently used yet, and the reimplantation of margin transactions.

4. Valuation Levels

Regarding valuation, as of the end of November 1989 and on trailing earnings, the Spanish Stock Market was on a price earning multiple of 14.2, as estimated by Morgan Stanley Capital International. This compares to multiples of 51.4 for Japan, 13.8 for the U.S. and 10.9 for the U.K. However, the figure for the Spanish market must be considered in light of the following:

- First, and most important, earnings per share in the case of the 35 of the 37 Spanish companies considered by M.S.C.I. are based on 1988 or 1987 figures, while for U.S., U.K. and Japan companies 1989 figures are used. We have estimated that the P/E multiple would fall to approximately 12 if equivalent figures were used.
- Second, prospects in terms of profits for Spanish companies are probably much better than those for all of the European countries and for most of the OECD. Estimates for listed companies' profits, based on quarterly financial statements, point to a 25% increase in pre-tax profit over 1988, well above the average for the European countries.
- Third, many Spanish companies do not fully consolidate their subsidiaries' profits.
- Fourth, Spanish accounting standards are very conservative in terms of profit reporting. For example, Telefónica and Banco Santander have shown, for U.S. placing, net profits (once adjusted to the American standard) more than twice as big as those reported under Spanish accounting principles.

This is partly due to the fact that the Spanish companies provide for very high depreciation charges. Many risk concepts and future liabilities are regarded by Spanish accounting principles as concepts which a company can provide against, resulting in one of the most conservative accounting methods in the world.

Thus, if we look at the Price to Cash-Flow ratio, which is not affected by the difference in depreciation policies, in different countries, the figure which comes out for Spain, 4.8, is lower than the U.S. (7.5) or the U.K. (7.2) and certainly much lower than Japan's 18.3.

Spain also looks relatively undervalued in terms of the Price to Book Value ratio, with figures well below those for the U.S. and the U.K. This, together with competitive restructuring ahead of the single European market in 1992, explains the intense corporate activity we have seen in the Spanish Stock Market during the last year and which we certainly expect to last.

At 3.9% Spain's average gross dividend yield stands much higher than that of Japan or the U.S., but lower than the U.K.'s 4.8% and the averages of some other European countries. This results from the fact that Spanish companies' pay-out ratio tends to be lower than that in most other European countries.

However, dividends have increased substantially during 1989. This is not fully reflected in the 3.9% figure due to the number of dividends paid during December. We expect them to increase faster than in most other European countries, as they will be sustained by higher-than-average increases in earnings. On the other hand, it is very positive that the pay-out ratio is lower than that of the rest of Europe because this, together with a higher return on equity, guarantees a much higher rate of growth for the Spanish market.

5. Foreign Investment In The Spanish Stock Market

Foreign investors have been well aware of the good investment opportunities that the Spanish market offers and they have substantially increased their presence in Spain.

Transactions by overseas investors as a percentage of total equity volume traded on the Madrid Stock Exchange have increased from a mere 5.0% in 1983 to a high of 26.3% in 1987. Estimates for 1989 point to a percentage of approximately 17.5%.

However, despite the decrease in percentage terms,

(CONTINUED ON NEXT PAGE)

FRANCISCO DE LERA is Senior Vice President of BSN Sociedad de Valores y Bolsa, the stock brokerage and dealing arm of the Santander Group. Created in 1985 as Banco Santander de Negocios, it took the lead in providing both investment banking and securities services to foreign institutional investors.

Francisco de Lera is in charge of BSN/SVB's institutional sales and trading. Prior to joining Banco Santander in 1985, Sr. de Lera ran the Treasury Marketing Unit at Citibank, NA in Madrid. He graduated as a civil engineer from Madrid Polytechnic University, and holds an MBA from the IE, Madrid, where he now lectures in international finance. He has also studied international strategy at the School of Business, London University.

REFORMING THE SPANISH STOCK MARKET

(CONTINUED FROM PAGE 33)

the absolute figure for transactions on shares carried out by overseas investors will have increased approximately 15% over the previous year's figure, due to an overall increase of 57.9% in the market turnover.

During the mentioned periods, net purchases of equities (that is, purchases minus sales) by overseas investors have been positive in each year. In spite of the October 1987 crash, these reached more than US$ 325 million in that year. With figures at the end of October 1989, net purchases of shares have reached an historical high of US$ 1.91 billion.

By sectors, construction has been the star in terms of turnover due to the important corporate activity in the cement and construction industries.

The highest ratio between purchases and sales in the chemical sector is explained by the Repsol floatation.

In general, European investors have been active in Spain over the last three years. The most active country is U.K., accounting for 48% of total trading and 64% of total net purchases. This is mainly due to the fact that a lot of institutional investment is channelled through London, and also a large proportion of U.S. investment is booked through U.K. subsidiaries of American houses due to the lack of a double taxation agreement between the States and Spain. This agreement, which has already been negotiated, should be ratified shortly.

Another interesting fact is the more speculative character of European dealing, excluding the U.K., suggested by the similar figures for purchases and sales.

Finally, Japanese investors are discovering our market, as is indicated by the increasing number of funds investing in Spain and marketed in Japan. This is not yet reflected in the graph, however, due to the until now frequent dealing through European countries.

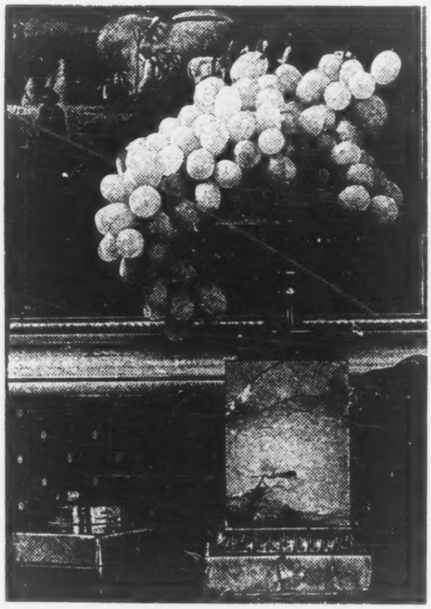
6. The Stock Market In 1989

To finish, we have to mention that with a mere 8.08% increase in the General Index during 1989, the market has not considered the substantial increase in 1989 profits of the companies listed.

Only two of the nine groups listed in the MSE—utilities and construction—have achieved relevant increases during 1989. Utilities have reevaluated by 31.20% and construction by 29.2%. Three sectors experienced losses during 1989: chemicals (− 3.22%), basic metals (− 2.18%), and banks (− 1.02%).

Comparing the evolution of the Madrid Index with that of other stock exchanges, it seems that Spain has overreacted to the shadows of inflation and current account deficits. As a result, despite the better development of Spanish companies, with around a 25% increase in corporate earnings, Madrid has not followed other markets' rises during the last quarter of the year. This fact, together with the attractive levels of quotations, allows us to expect a positive reaction as the market catches up with the rest of the world.

In brief, the limited revaluation of the Spanish market during 1989, together with a sustained growth of the economy, lead us to be optimistic for this year which has just started. ☐



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Spain Will Launch "Hispasat" Communications Satellite in 1992

Program has strategic, technical and economic advantages for Spain.

In mid-1992 a Spanish communications satellite will be launched, followed by a second, reserve satellite later in the same year.

The name HISPASAT has been adopted as the name of the multifunction system, which is designed to meet, in a unified manner, the national needs of satellite communication as part of the Integrated Spanish Communications Network. Orbiting at 31 degrees West, the system will cover most of Latin America and parts of North Africa and Portugal.

Besides the obvious advantages for the commemoration in 1992 of the Quincentenary Celebration, the system has strategic, technical and economic advantages. Strategically, the Spanish government can guarantee the continuation and stability of satellite communication without the aid or interests of land broadcasting organizations. The technical advantage is a stronger signal, with smaller and simpler receiving stations. Economically, the systems provides a public telecommunications system with proven value which will encourage and cater to the widest participation of national industry.

Objectives of the satellite system include:

1. providing support for TV, radio, and similar signals according to the country's needs, now and in the future;
2. supporting special communication for national defense;
3. providing special informational and emergency channels (submarines, rural telephone lines, etc.);
4. providing communication for TV programs to the entire Spanish speaking world (particularly the Americas).

The program was approved in April 1989 by the Council of Ministers, who authorized the formation of a Mercantile Society, HISPASAT, for the exploitation of satellite communication.

The Franco-British firm of MATRA won the contract for the construction of the HISPASAT system. However, realizing the importance and the far-reaching effect of the system, particularly in Latin America, there has been created a Commission for the Running of the HISPASAT Program, in which all those directly affected by the different aspects of the system will be represented.

ARIANE, the company technically responsible for launching the system, has committed itself to reserving two periods of time for the launching of the HISPASAT satellites in 1992. The launching of the first satellite should take place mid-1992, the second in the latter part of the year. The cost of the launching will be eight billion pesetas, using 1989 median exchange rates.

Calendar:

June/July 1992
Launching of principal satellite
Sept/Nov 1992
Launching of reserve satellite
October 1992
Principal satellite put into service
January 1993
Reserve satellite put into service

Projected Services:

- Diffusion and distribution of national TV and radio signals.
- Special defense communications.
- Official channels.
- Informational and wide-band channels, rural communication.
- Distribution of TV signals in Latin America.
- Telephone communication.
- Transmission of information.
- Digital television.
- Audio distribution.
- Transferral of information.
- Videoconferences.
- Facsimiles.
- Electronic mail.
- Emergency and public safety services.
- V-SAT nets.
- RDSI application.
- High-definition television. ☐

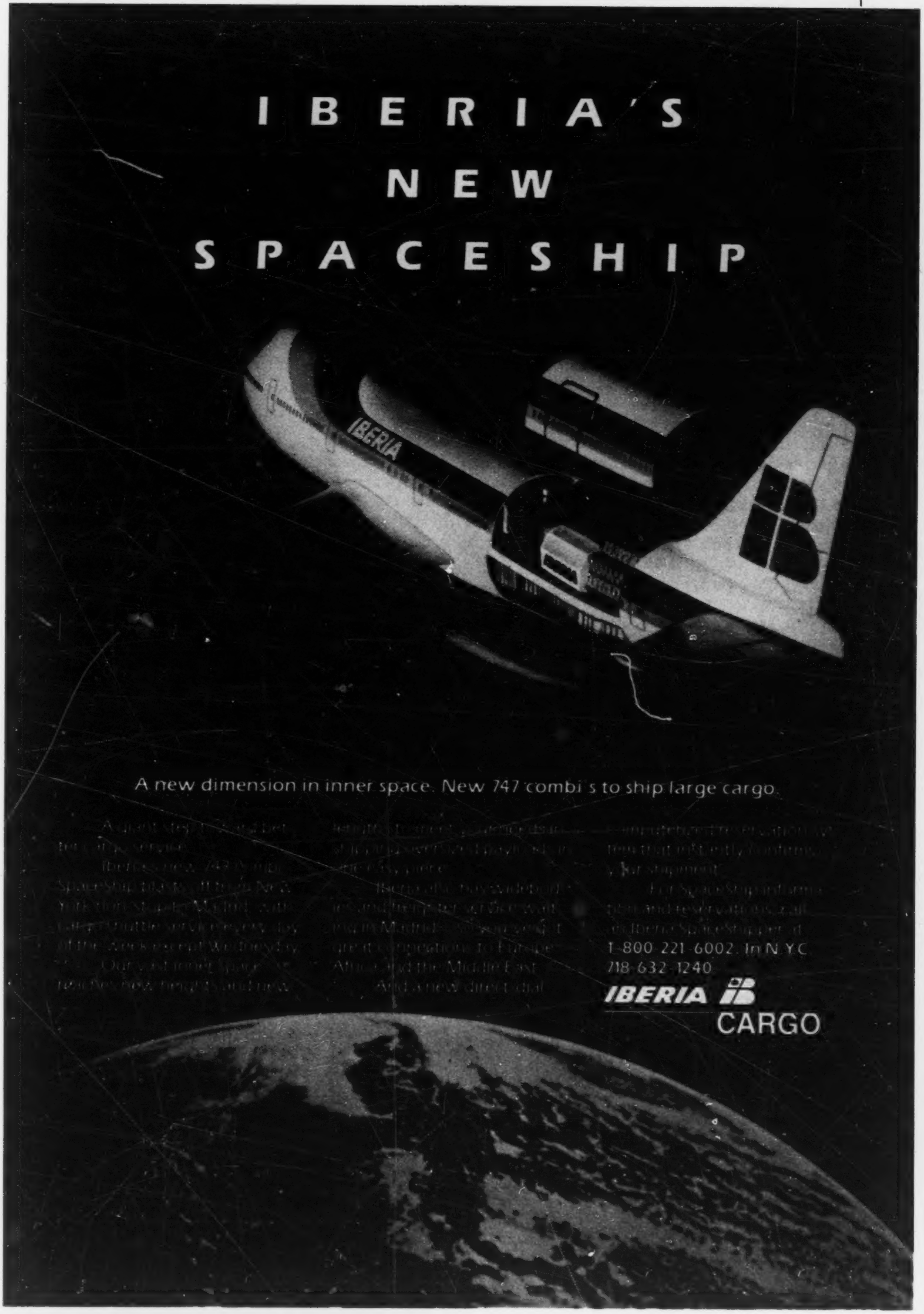
Information provided by: HISPASAT, S.A., c/Gobelas, 41, Planta 2, 28023 Madrid, through coordination with the Spanish Embassy in Washington. Translated and adapted by Ana Martinez, Spain-U.S.A. Chamber of Commerce, Inc.

Hyatt International Will Manage Madrid's *Gran Luxe* Villa Magna

Hyatt International Corporation has signed a management agreement with Shirayama Corporation effective March 15, 1990, to manage the 182 room luxury Hotel Villa Magna in Madrid, Spain. Renamed Hotel Villa Magna, A Park Hyatt, the hotel is one of only two *gran luxe* hotels in the city.

"We've always had a commitment to developing hotels in key European cities, which is often a difficult task," Hyatt International's President, Bernd Chorengel, commented. "In the case of Villa Magna, our patience and efforts were rewarded with the acquisition of a hotel that is a perfect fit for us. A recently completed renovation of the hotel has created a gracious and distinctive property that truly exemplifies our Park Hyatt concept, a collection of deluxe, European style hotels." ☐

Hyatt International President Bernd Chorengel



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Legal Aspects of Mergers and Acquisitions

A primer for Spaniards or others interested in acquiring U.S. privately-owned companies. This article is excerpted from a presentation made by Mr. Kriz at a November 30th seminar on "Spanish Direct Investments in the U.S.A." organized by the Oficina Comercial de España in Madrid and held in Madrid's Palace Hotel.

By John M. Kriz

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Introduction

Foreign businessmen who wish to buy a company in the United States usually begin with what are referred to as "friendly" or "negotiated" acquisitions of privately-owned companies rather than purchase of publicly-owned companies whose shares are registered and widely traded. However, it should be recognized that public companies are of many sizes, from the largest companies listed on national stock exchanges, such as the New York Stock Exchange, to companies whose publicly registered shares are traded in what we refer to as the "over the counter" market. While public companies are also a proper subject for your inquiries, I will first discuss the various stages of a negotiated acquisition for a private company. However, at the end of my remarks I will discuss very briefly the U.S. legal aspects of a takeover of a public company, so that you will be better able to follow developments of these transactions about which you read so much in the financial newspapers.

PRELIMINARY STAGES

The first stage of an acquisition project is the identification of one or several target companies which will have been brought to your attention, perhaps through investment bankers, business brokers or other intermediaries. For example, if in Spain you have contact with one of the large accounting firms, they may have U.S. corporate clients, publicly or privately held, whom they know to be for sale or to have divisions which are for sale. The phenomenon of leveraged buy-outs or "LBO's" has resulted in the break up of large conglomerate enterprises which are divesting themselves of divisions or subsidiaries which do not fit into their general plan. Such businesses often present a very interesting opportunity for acquisition by foreign investors. Special problems may arise when the company you are buying has been a part of a larger enterprise, such as for example, the lack of audited financial statements, or dependency of the division on its parent company for certain administrative and financial support.

After you have identified the company you wish to buy, the next job for the foreign investor is to assemble a team of professional advisors. The principal advisors will be the lawyers, investment bankers, and accountants. Acquisitions may also require assistance of actuaries to deal with pension issues, environmental risk specialists, and insurance experts, as well as a public relations specialist. I cannot over-emphasize the importance of having made this selection of advisors, particularly of the lawyers and accountants, prior to any formal contact with the officials of the company to be acquired. It is essential for the buyer's negotiators to have an understanding of taxation, corporate structuring and alternative acquisition techniques, in advance of the first meeting, in order for the buyer to avoid saying something to the seller in the first negotiations that could result in severe financial or strategic disadvantage.

After these thorough preparations and several negotiations with representatives of the seller, it is often desirable to set out the main aspects of the proposed acquisition in a so-called "letter of intent" that will be an outline of the transaction. It will cover subjects such as: whether the transaction is for shares or assets; the price, and the extent to which is will be paid in cash, notes or other securities; the proposed timing, etc. One reason it may be preferable to buy assets is to reduce the risk of unknown liabilities and to obtain a "stepped up" depreciation basis in seller's assets for tax purposes, thus creating important tax savings.

A letter of intent should state that it is not a binding document and that neither party will be bound until a formal purchase agreement is signed, except for any secrecy or expense-sharing provisions in the letter of intent. It should also state that no agreement will exist until a formal written purchase agreement is negotiated, approved by seller's and buyer's boards of directors and signed.

I remind you that in certain circumstances a "letter of intent" or even an exchange of correspondence can be found to be a binding agreement, if proper care is not taken. You will undoubtedly recall that several years ago the owners of Getty Oil entered into a preliminary negotiation and letter of intent to sell three-seventh's of the shares of Getty Oil Company to Pennzoil for $110 per share. Subsequently, the Getty owners received an offer from Texaco, one of the largest U.S. oil companies, to buy the shares for $128 per share. Believing that they had signed only a non-binding "agreement in principle", the Getty owners sold Getty to Texaco.

Then Pennzoil began legal suits in a Delaware court against the Getty shareholders for breach of contract and against Texaco in a Texas court for tortious interference with a contract.

(CONTINUED ON NEXT PAGE)

JOHN M. KRIZ is a partner in the law firm of Windels, Marx, Davies and Ives in New York.

LEGAL ASPECTS OF MERGERS AND ACQUISITIONS

(CONTINUED)

In this case, Pennzoil was able to show that there was not only a letter of intent but that a champagne toast had been exchanged between the buyer and the seller and that there were other indications that the so-called "letter of intent" really contained all the basic elements of a legal contract of stock purchase. Pennzoil recovered against Texaco a jury verdict of $7.53 billion in actual damages and $3 billion in punitive damages which caused Texaco to have to declare bankruptcy in order to put itself in a position to settle Pennzoil's $10 billion claim for $3 billion.

The Purchase Agreement

After the "letter of intent", the next stage will be the preparation of the contract or "Purchase Agreement." It is generally advantageous for the first draft of this agreement to be prepared by the lawyers for the buyer, since the agreement constitutes in some respects the architectural plan for the acquisition which will have to be executed. Whether the transaction is for purchase of shares, of assets or a merger, the Purchase Agreement will contain certain similar provisions.

The purchase price may take the form of cash, promissory notes or shares of stock of the buyer. Possibly, it may include some preferred stock which will be redeemed over a period of time. One of the reasons to include at least some debt or promissory notes for a portion of the price is that this can provide a basis for off-setting any claims which may be discovered after closing, if the target company does not meet all of the representations and warranties.

The other principal articles of a Purchase Agreement include the following:

1. Representations and Warranties. In this section, the sellers warrant, that is to say guarantee, the truth and accuracy of the financial statements of the target company for the last several fiscal years, as well as unaudited statements as of a recent month for the year in progress. They also warrant: title to properties; condition of equipment; the compliance by the company with its federal, state and local tax obligations; the absence of litigations and claims, except as indicated; compliance with all laws and regulations; and many other aspects of seller's business.

> "It is essential for the buyer's negotiators to have an understanding of taxation, corporate structuring and alternative acquisition techniques, in advance of the first meeting . . ."

2. Covenants. In this section, the seller and the company promise, between the date of signing the contract and the date of closing, to do certain things ("affirmative covenants"); or *not* to do certain things ("negative covenants"); for example, they will not declare any dividends or make any unusual distributions from the company.

3. Conditions. In this section, the consummation of the purchase is conditioned upon the results of the buyer's investigation of the company having been completed without any "surprises"; perhaps, also, upon the company having been inspected by environmental experts and found not to present any unreasonable risks. The buyer may wish to condition the purchase upon a satisfactory report from the buyer's accountants.

4. Indemnities. In this section, the buyer reserves the right to make claims against the seller, in case any adjustments to the purchase price are required because the warranties given have not been complied with. These adjustments can occur due to adverse developments, such as the existence of an excess amount of bad accounts receivable; the cost of fulfilling guarantees given to customers for products sold before the purchase, in excess of a reserve for such guarantees shown on the financial statement; lawsuits or claims which have not been disclosed; tax liabilities; product liability; and other reasons. It is generally provided that the buyer may seek indemnification against the seller for a period of time ranging from one to five years. Sometimes the seller will negotiate a provision that any claims by buyer cannot exceed a certain agreed dollar amount or a percentage of the purchase price. The indemnities are sometimes secured by retaining part of the price (perhaps 10%) in escrow with a neutral person such as a bank.

5. Miscellaneous. In this article, subjects such as finders' fees, payment of expenses, and covenants of sellers not to compete are covered.

"Due Diligence" Investigation

A period of several weeks to several months can pass between the signing of the "letter of intent" and the signing of the Purchase Agreement. After the Purchase Agreement is signed, the buyer and its representatives will continue their investigation of the target company. The selling shareholders can not instruct the key managers of the different departments of the company "to open their doors and their drawers" to the representatives of the buyer. This investigation is known as "due diligence". Investigation will proceed in the following areas:

1. Financial. This will be conducted chiefly by the buyer's financial people together with its accountants. If the company's accountants are to prepare audited financial statements, it will usually be agreed that buyer's auditors can observe the inventory count and inspect the auditing work papers.

2. Operational. This will involve visits to the factories or offices of the company and conversations with some of the company's key employees, customers and suppliers.

3. A Legal Audit. This will involve a review of the target company's articles of incorporation, by-laws, minute books, significant contracts and an analysis of pending litigation, leases, financing agreements, etc. The buyer may commission a firm of environmental specialists to determine the company's compliance with federal and state laws dealing with air pollution, water pollution, disposal of wastes, noise pollution, etc. A particularly sensitive question involves the history of the company's disposal of hazardous waste products. New laws make the owner of land responsible for the clean-up costs of prior owners.

In the "due diligence" period, the seller may have to obtain consents to the sale from banks, lessors, regulatory bodies and parties to significant contracts. In a sizeable company, this process can also take from several weeks to several months.

(CONTINUED ON NEXT PAGE)

LEGAL ASPECTS OF MERGERS AND ACQUISITIONS

(CONTINUED)

The Closing

The Closing of an acquisition will usually have been prepared in advance in all of its details by the lawyers for the seller and buyer, possibly in close coordination with lawyers and representatives of the bank which is financing the purchase. When all of the details have been resolved, the signing representatives of the buyer and seller will meet at the Closing ceremony, which most frequently takes place at the offices of the lawyers for the seller. After a champagne toast, representatives of the buyer will be elected to the key directorships and offices of the Company which has been acquired.

Tax Considerations

It is often desirable for a foreign company to make the U.S. acquisition by establishing a U.S. subsidiary to act as a holding company which would own, in turn, the purchased company and thereafter serve as the holding company for new U.S. investments. This permits the holding company and the group to file a consolidated income tax return which allows any losses in one part of the group to be offset against profits of another part of the group. In the materials which I have distributed, there is a memorandum summarizing U.S. tax considerations.

Securities Laws

Also to be considered are the federal and state securities laws. The two principal federal laws are: first, the Securities Act of 1933, which governs the initial sale of shares of securities to the public and, second, the Securities Exchange Act of 1934, which regulates subsequent trading of securities. Securities include shares of companies as well as bonds or debt instruments and profit participations of every nature. When a Spanish company considers buying a U.S. company, of particular impolrtance is whether the shares of the U.S. company are publicly traded. A Spanish company making an offer for a public company would have to disclose substantial financial and operational information about itself to the target company and to the securities markets. This reporting obligation begins under Section 13(d) of the 1934 Act when an investor or

(CONTINUED ON PAGE 40)

LEGAL

Preserving Tax-Free Estate Transfers to Non-U.S. Citizen Spouses

By Gregoria Sánchez

The Marital Deduction granted by Section 2056 of the Internal Revenue Code provides that the value of certain property which passes or has passed from a decedent to his or her spouse, by Will, by gift, or by operation of law (as in the case of jointly owned property) is fully deductible on the Federal estate tax return of the decedent. Since the marital deduction results in a tax free transfer from one spouse to another, the importance of preserving this deduction is evident.

Prior to November of 1988, this deduction was allowed for all qualifying transfers to a "surviving spouse" of the decedent. There was no requirement in the Code that such surviving spouse would have to be a citizen of the United States in order for the deduction to be utilized.

However, new legislation contained within the provisions of the Technical and Miscellaneous Revenue Act of 1988 (TAMRA) amends Section 2056 of the Code and disallows the marital deduction whenever the property of a decedent passes by Will or otherwise to a spouse who is not in fact a citizen of the United States.

This material change in the law dictates that estate planning for married couples, where one of the spouses is a non-citizen, be formulated, or revised, only after TAMRA is evaluated and the methods of preserving the deduction clearly understood.

There are now two principal methods of securing the marital deduction for a non-citizen surviving spouse:

I. Obtaining Citizenship.

A further amendment to the Internal Revenue Code in 1989 provides that a marital deduction will be permitted for a surviving spouse if he or she become a U.S. citizen prior to the date for filing the decedent's Federal estate tax return, provided that the surviving spouse resides in the U.S. at all times from the date of the decedent's death until the time he or she becomes a U.S. citizen.

II. Qualified Domestic Trust (QDT)

The value of assets contained in a trust established by the Will of the decedent of during his or her lifetime for the benefit of the surviving spouse who is not a citizen of the United States will qualify for the marital deduction if the following conditions are met:

a. At least one of the Trustees of said trust must be either a United States citizen or a United States corporation;

b. Any and all distributions from the subject trust, for principal or income, must be made with the consent and approval of the Trustee who is a U.S. citizen or the U.S. corporation;

c. The trust must, by express language, provide for the payment, collection and establishment of reserves for the payment of U.S. taxes subsequently imposed;

d. The executor of the decedent's estate must specifically elect to have the trust qualify as a "QDT" on the decedent's Federal estate tax return.

it must be noted that in order to qualify as a "QDT" the marital trust must meet the basic requirements that would be necessary for a marital deduction if the surviving spouse was a citizen of the U.S.

Since the impact of this recent legislation *could* result in a substantial increase in the estate taxes of a decedent's estate, prompt action is required so that a most favored method of preserving the marital deduction can be then implemented. ☐

GREGORIA SANCHEZ is associated with the law firm of Keenan, Powers & Andrews, P.C.

HISPANIC MARKET

Univision, Spanish-Language TV Network, Major Player in TV Sports

At one time it was taped programs of soccer and boxing. Today, Spanish-language television's premiere network boasts a schedule of sports events that rivals any network in the U.S.

The properties Univision has acquired in the last five years include Major League Baseball highlights, live championship boxing events, complete coverage of the entire Formula Indy series, the Miami Grand Prix and the fledgling American Racing Series, in addition to weekly soccer, boxing, and a sports magazine program.

But this year, the two events which firmly establish Univision as a major sports broadcaster are the World Cup from Italy and the World Basketball Championship from Argentina.

Of particular importance is Univision's coverage of the World Cup. With the U.S. team having qualified for the first time in 40 years and the finals scheduled to be held in this country in just four years, much attention will be focused on the network as it presents its sixth World Cup in twenty years.

This time, Univision will have the only live broadcast network telecasts of matches. So in addition to Hispanic viewers, who are predisposed to soccer and the World Cup already, it is expected that a significant number of non-Hispanics will also tune in.

This potential ratings bonanza has not gone unnoticed by a group of major advartisers who have invested heavily in the World Cup's success this year, and have also positioned themselves for 1994, when the tournament is right in our own backyard.

These advertisers include Budweiser, Sears, Honda, AT&T, Chevrolet, Coca-Cola, McDonald's, Head & Shoulders, the U.S. Army and Colgate.

The World Cup package that they have purchased includes commercials in the 33 live matches and in the preview programs leading up to the Cup and the nightly updates and wrap-ups that will provide comprehensive coverage of the tournament.

The World Basketball Championships is another event, also in the summer, positioning Univision as a broadcaster of big events.

Between August 8 and 19, 16 teams will vie for the true world championship of basketball. Among the countries participating are Yugoslavia (Olympic Silver Medalists), Venezuela, Puerto Rico, Angola, Brazil (Pan Am Champions), Italy, Australia, China, USA (defending champions), Greece, Spain, South Korea, USSR (Olympic Gold Medalists), Argentina, Canada and Egypt.

The decision to involve Univision in the basketball championship also raises the question of how to program sports on Spanish television, especially in such a highly competitive market as the U.S.

There are two concerns in programming events. Since the language of sport is universal, we compete with all stations and networks for viewers. Also, the vast preferences of a national viewing audience make programming decisions tricky. What works on the East Coast doesn't always on the West.

Offering events that are unique or exclusive to Univision is an obvious edge. Our live boxing series is an example, with the cards tailored and balanced to create the maximum interest, such as Angel Hernandez of Puerto Rico vs. Rocky Balboa from Mexico.

Attention to production details is another measure used to distinguish ourselves from the general market telecasts. When covering an Indy race, we send a crew to cover the action in the pits and report information that tells the full story of the event. It is the sensation that Univision is there, reporting on things as they happen that adds excitement and makes the broadcast attractive.

Finally, by offering a variety of events, we are better able to appeal to the diverse tastes of viewers. This in turn has opened up new sponsorship opportunities for advertisers who want to be associated with certain program environments. The automotive aftermarket is the ideal advertiser for racing, as fast food and soft drinks are more likely to be soccer oriented. Without these varied properties, both the sponsor and viewer are shortchanged.

The future of sports on Univision is bright, with more live events gracing the schedule. On the drawing board for 1991 is the first multi-sport anthology show on Spanish television, inspired by the heralded Wide World of Sports. This will provide a forum on which to showcase both major events and sports not as frequently seen, such as tennis, volleyball and cycling.

As we continue the process of expanding our lineup, Univision is committed to the kind of quality of productions that has made it the leader in Spanish-language television sports. ☐

LEGAL ASPECTS OF MERGERS AND ACQUISITIONS

(CONTINUED FROM PAGE 39)

group of investors acquires beneficial ownership of more than 5% of a class of equity securities in a target company. The first report, which is a relatively lengthy and complex, must be filed with the Securities Exchange Commission, with stock exchanges, and with the target company within ten days of the purchase.

If a tender offer for the shares of the U.S. company, or a merger, are envisioned, reports which are still more complicated must be filed.

If a part of the purchase price will be paid in shares of the Spanish company, then the Securities Act of 1933 and regulations are involved. If the shares of the Spanish company were to be issued to only a limited number of U.S. sellers, it is possible that the shares could be issued in a "private placement", which would be exempt from the more rigorous and expensive formalities of registration of the Spanish company's securities with the SEC.

Environmental Laws

I have also mentioned the impact of the environmental laws on air, water, noise and other forms of pollution. Of particular importance is that, in addition to the federal laws, several states have adopted laws which require that industrial and commercial real property must be inspected by a government agency for contamination and hazardous substance, at the time of any sale. ☐

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Pedro Almodóvar Holds a Press Conference in New York

The highly acclaimed Spanish motion picture director Pedro Almodóvar held a press conference for Spanish language media on April 30th to discuss his latest film, "Atame!" (English title: "Tie me up! Tie me down!"). The press conference, held at the Spanish Institute, was hosted by the Consulate General of Spain.

"Atame!", which began its national release on May 4th via Miramax Films, stars Victoria Abril, Antonio Banderas and Francisco Rabal. It chronicles the efforts of a man intent on marrying a porno movie star. In what has become a tradition with Almodóvar films, it became controversial and has been rated "X" by the Motion Picture Association of America, a classification which Almodóvar and his associates have been appealing since mid-April. The appeal is still pending.

At 38, Almodóvar is one of the leaders of the creative explosion known as "La Movida," which started in Madrid following the death of Franco and has yet to slow down. His films have also included "Law of Desire" and "Matador," as well as "Women on the Verge of a Nervous Breakdown," which was nominated for an Oscar in 1989 as Best Foreign Film and which established his reputation on an international scale, becoming the biggest box office hit in Spanish history.

Almodóvar was asked if his films would attract the U.S. Spanish-speaking market, or promote the Spanish language and the Hispanic market here. "I don't feel like being an ambassador of anything," he replied, "but as a matter of fact these movies are increasing interest in "Spain" in the U.S., where Spain is now seen as something different from Latin America."

Pedro Almodóvar and his brother Agustín produce and direct films through El Deseo, a company both own and run together. They plan to sell the rights to "Atame!" to an American producer, as they did with "Women on the Verge of a Nervous Breakdown," which was bought by Jane Fonda, and the success of which has placed Almodóvar and his company among his country's most valuable cultural—and economic—exports. ☐

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NOTICIAS DE ESPAÑA

Cine español: Volver a empezar

"Es a partir de principios de los años 80 que se empiezan a dar los primeros pasos de lo que aún hoy es un sueño, la creación de una solida industria cinematográfica española . . ."

Por Ignacio Prado

Robert Wise, el director de la inolvidable María de "West Side Story", parecía mantener un apasionado idilio amoroso con el cine español, el olvidado, el huérfano de la cinematografía europea. Durante los meses previos a la entrega de los Oscar de Hollywood de 1982 el director americano había llevado una intensa labor promocional del film español a concurso "Volver a empezar" de José Luis Garci, una de las promesas dentro del grupo de jóvenes realizadores del post-franquismo. Ni tan siquiera los films de Luis Buñuel habían recibido jamás un apoyo tan abierto por parte de la industria de la meca del cine. Las influencias de "Mr. Wise-guy" y la buena publicidad del título "a la americana" ("Begin the beguin") dieron resultado y la noche en que el también olvidado "Mahatma Ghandi" conquistaba el glamour de Hollywood con sus humildes hábitos servía para que el desposeido cine español consiguiera el segundo Oscar de su historia. Tan sólo Luis Buñuel anteriormente había obtenido la preciada estatuilla y las mágicas palabras "the winner is . . ." resonaban en la península como la conquista del mercado americano por parte del nuevo cine español. Pero este triunfo fue un puro espejismo, un mero efecto cinematográfico ya que el nuevo cine español aún inmaduro después de cuarenta años de censura y miseria creativa necesitaba crecer sobre una estructura industrial y organizativa que en esos momentos aún no existía. El film de Garci quedó pronto olvidado fustigado por la crítica y la falta de apoyo económico el director abandonó la realización cinematográfica por el periodismo radiofónico . . . Era el patético gesto de desesperación de un creador que tira la toalla ante la total falta de sensibilidad de las instituciones públicas y la empresa privadas ante el arte del siglo XX.

Mientras la lánguida voz de Julio Iglesias triunfaba en el mundo entero con su personal "Begin the beguin", parecía evidente que el cine español necesitaba volver a empezar de cero; había que olvidar la melodias hollywoodienses de Cole Porter, dejarse de sueños y ponerse a trabajar. Es a partir de principios de los años 80 que se empiezan a dar los primeros pasos de lo que aún hoy es un sueño, la creación de una sólida industria cinematográfica española en la que los valores artísticos y los intereses económicos aparezcan aunados.

La materia prima de nuestra cinematografía es de primera calidad con un gran plantel de profesionales y técnicos en todas las areas. Como ejemplo de ello podriamos citar al director de fotografía Néstor Almendros (Oscar por "Days of Heaven") verdadero mago de la cámara que por desgracia lleva a cabo casi toda su labor en el extranjero. Un caso más de la fuga de genios que tanto ha afectado a nuestro cine desde que por las mismas razones históricas, la dictadura de Franco, Luis Buñuel abandonara la península para iniciar su aventura mexicana.

Después de dos generaciones de directores que tuvieron que crear su obra en el poco favorable ambiente cultural del franquismo, desde el maestro del humor negro Luis Berlanga ("Bienvenido Mr. Marshall") hasta Carlos Saura y su cine intimista e intelectual ("Cría Cuervos"), a partir de finales de los años 70 empiezan a surgir nuevos talentos en un clima artístico mucho más propicio, la nueva España democrática y su "boom" cultural. Así encontramos directores tan interesantes e innovadores como Victor Erice que tras realizar su primera obra maestra "El espíritu de la colmena" premiada en todo el mundo, desaparece inconcebiblemente de las pantallas para dedicarse a la publicidad. Una vez más la falta de recursos y apoyo por parte de la industria hacen que su segunda película ("El Sur") tarde casi diez años en aparecer y que por problemas con la productora tenga que exhibirse incompleta. Aún así está considerada como una de las joyas del cine europeo de los 90. Pero hoy en 1990 este rebelde de nuestro cine sigue en silencio, quizás a la espera de que la casa del cine español termine de construirse.

Otros directores han contado con la suerte de colaborar con productores excepcionales que salvaguardando la independencia artística del creador han conseguido que las películas contarán con presupuestos dignos de un cine de calidad y que funcionaran en taquilla. Ejemplo de este tipo de colaboración arte-industria lo encontramos en el tándem Luis Megino (productor, guionista) — Manolo Gutiérrez Aragón (director); ellos han realizado films que según los cánones del cine comercial podriamos calificar de "arriesgados" y que en cambio han supuesto un gran éxito de crítica y de público a además de los muchos galardones recibidos en festivales como Berlin ("Camada Negra") Cannes ("Demonios en el jardín") o San Sebastián ("En el corazón del bosque"). Otro ejemplo de este tipo de colaboración con productores independientes lo encontramos en El Deseo S.A., la productora de los films de Pedro Almodóvar dirigida por su propio hermano. Es paradójico que sea ésta empresa casi familiar y que empezó prácticamente de la nada la que esté aportando el mayor número de ingresos a la industria cinematográfica española que jamás había visto que películas como "Mujeres al borde del ataque de nervios" recaudaran miles de dólares en todo el mundo partiendo de un presupuesto mínimo. Es éste si se quiere el mejor ejemplo de como la colaboración entre el talento comercial y el genio artístico pueden funcionar a la perfección sin la protección estatal ni la de una industria que aún sigue sumida en la duda existencial de su propia creación. Las subvenciones del Ministerio de Cultura funcionan a través de un sistema kafkiano que ni las propias gentes del cine logran entender y ni mucho menos asimilar. Fue el gobierno socialista el primero en preocuparse seriamente de este problema y de asumir la tarea de elaborar una Ley

(CONTINUA EN LA PROXIMA PAGINA)

Commemorative Quincentennial Coins Presented at Gala José Carreras Concert

The official presentation in the U.S. of a commemorative series of gold and silver coins inspired by the celebration of the Quincentennial of the Discovery of America took place on June 7 in New York's Carnegie Hall in conjunction with a gala concert by the noted Spanish tenor José Carreras. Queen Sofia of Spain, a lover of music and numismatics, took part in the celebration, a benefit for the "José Carreras International Foundation Against Leukemia" Sponsor of the celebration was the Fábrica Nacional de la Moneda of Spain, which made the coins, now available to the public.

The coins are the magnificent creation of a long numismatic tradition of artisitc craftsmanship that made Spanish coins the universal currency in the years following the discovery of America. Since 1904, no gold coins have been minted in Spain.

The concert was followed by a special reception at the Plaza. ☐

José Carreras

CINE ESPAÑOL: VOLVER A EMPEZAR

(SIGUE DE LA PAGINA 43)

de cine. Se nombró a una mujer del medio, la realizadora de cine y televisión Pilar Miró, para llevar adelante esa tarea. Aún hoy y después de varios cambios ministro el actual titular de la cartera de cultura Jorge Semprún, también guionista cinematográfico, sigue sin encontrar la solución definitiva en la que se pongan de acuerdo todas las partes implicadas.

El otro tipo de colaboración estatal, la coproducción con Television Española, parece funcionar de forma más provechosa. Siguiendo los ejemplos de la RAI en Italia y de la BBC o Granada en Gran Bretaña, la televisión pública empezó a principios de los 80 a financiar proyectos que por su coste o sus riesgos no hubiera asumido ningún productor del sector privado. Los films así financiados se exhibían comercialmente en las pantallas españolas por un tiempo para después convertirse en series televisivas. Obras tán estimables como "La Plaza del Diamante" de Francesc Bellmunt sobre un texto de la novelista catalana Merce Rodoreda, o "Lorca, la muerte de un poeta" de Luis García Berlanga en colaboración con otras televisiones europeas, son algunos de los mejores ejemplos de este sistema de producción tan común en el cine europeo.

También las televisiones y gobiernos autonómicos del resto de España están empezando a financiar sus propias cinematografías aunque con grandes problemas económicos. En Cataluña se ha creado el Institut del Cinema Catalá con el fin de abrir nuevas puertas al cine en lengua catalana y también se ha dado el impulso definitivo al Festival Internacional de Barcelona como el primer certamen de cine exclusivamente europeo del continente.

A nivel estatal también se han dado pasos firmes con la intención de crear una infraestructuta para esta naciente industria. Se ha creado la Academia de Artes y Ciencias Cinematográficas tomando como modelo su homónima de Hollywood, y es esta institución la encargada de conceder anualmente los premios Goya en las diversas categorias del séptimo arte. Al igual que los Oscar, estos premios son concedidos por el voto de todos los profesionales de la industria lo que, al menos aparentemente, da una sensación de que la comunidad cinematográfica está coordinada y empeñada en consolidar sus fundamentos. Más allá de satisfacer la vanidad de actores, directores y técnicos, estos premios que llevan el nombre de uno de los genios visuales y visionarios de nuestro arte, pretenden demostrar que en algo están de acuerdo todos los profesionales del cine español, es en crear una industria cinematográfica sólida y digna de un país desarrollado.

Pero mientras esta tarea se lleva a cabo y a falta de medios e infraestructura la papeleta del cine español se salva, como siempre en nuestra cultura, a base de genio. Medio siglo después de que el joven Luis Buñuel en un golpe de genio introdujera el surrealismo en el arte del celuloide con "Un perro andaluz" y fascinara a medio mundo desde los salones del Paris vanguardista hasta el MOMA de New York, otro joven genio del esperpento y el humor negro conquista Europa y America con su cine de la post-modernidad. Pedro Almodóvar ha conseguido lo que el cine español se ponga de moda en todo el mundo y que se le empiece a tomar es serio por parte de las grandes productoras americanas.

De todos modos no podemos ser excesivamente triunfalistas y olvidar la lección de "Volver a empezar", el cine español no es y no debe ser tan solo Almodóvar y sus genialidades. Nuestra "corrida" cinematográfica ha conseguido un "Matador" de primera clase, pero sin un buen plantel de subalternos y buenos empresarios la fiesta no podrá celebrarse. ☐

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The Changes in Eastern Europe and the Future of the New Europe

"The new markets will be markets for small cars, the type of cars SEAT produces."

By Dr. Carl H. Hahn

In assessing the new markets in Eastern Europe and in shaping our plans for business activities we should not concentrate too closely and exclusively on this part of the world. Business is global and it is moving faster than ever before. Communication and transport technologies make the world's economies move closer and become increasingly interdependent and force political developments to new dimensions. Capital flows are no longer hindered by national boundaries but seek their ways to the parts of the world economy where they are most productive. Competition increases between the different regions of the world to attract the capital they need to develop and there are no longer any traditional advantages to certain locations.

It is for these developments that we have to think and act global. The opening of Eastern Europe is just one additional, albeit important process of change which has to be seen in an international context.

Central Europe has overnight grown by 33% and that will create chances for growth without parallels for all of Europe. I do not think that the opening of Eastern Europe will negatively affect the investment policy of European multinationals with regards to southern Europe. Take the SEAT-Volkswagen cooperation, for example. I remember very well our critics in Germany who predicted less investment, less output and fewer jobs in Wolfsburg as a result of our Spanish investments. None of their fears materialized. All our goals have been more than fulfilled, in Spain and in Germany. Since the second half of the 80's, SEAT has been the fastest growing make in Europe. In the same period, sales of VW and Audi products in Spain increased by 130%. By now SEAT is deeply integrated into the Volkswagen Group, Europe's number four car maker and the number one in the world. At the same time, SEAT is still a company with a 100% Spanish character, making use of Spanish resources, industrial and intellectual resources.

SEAT
Grupo Volkswagen

And there are no reasons to believe, that SEAT will suffer from the new investment opportunities in the East. The times are over when Volkswagen produced 3 million cars annually. We are moving towards 3.5 million cars a year and our investments in Spain and East Germany will not even be sufficient. This is, why we approach SKODA to explore the chances of a cooperation in the growing market, a total European market which will be integrated before our investments of today will bear fruit. Operating in this growing market, the Volkswagen Group will profit from the new business opportunities in the East and so will SEAT as a part of it. The new markets won't be "Mediterranean" markets, but they will equally be markets for small cars, the type of cars SEAT produces.

Eastern Europe, however, still has a long way to go. Overall the economic shortcomings of the East are structural problems, the results of a catastrophic economic policy. Old technology, unsufficient raw material and energy supply and low productivity are the monuments of a planned economy which went hand in hand with the destruction of the dignity of the human being. As Hayek put it, "The free market system is the prerequisite for a democracy and vice versa. These two are welded together, just as a planned economy is welded to dictatorship."

Nearly all of the industries have to undergo major restructuring in the future. In East Germany, for example, 76% of the working population is employed in large-scale enterprises compared to 38% in West Germany. It is the small, flexible businesses, however, that will fuel the future growth of the economy and provide jobs for those who will have to change their workplaces to allow for cost—competitive industry structures. it is little known, that in West Germany, 90% of businesses in the machine tool industry employ less than 100 people. Small firms are the backbone of the West German industry as we as a large company know more than anybody else.

The faster we realize the common European market the more suited will be our economic environment to build and maintain the competitive business structures we need for the future and for the integration of Eastern Europe. For the single company the operational goals are the same, the most important of them being cost-competitiveness. The opening of Eastern Europe does not affect these objectives. Instead it provides us with a better platform from which to operate worldwide and more than ever every village of Europe will reflect the world market. It's just that the playing field becomes larger, the rules remain the same. □

DR. CARL H. HAHN is Chairman of the Board of Management of Volkswagen A.G.

This article is excerpted from an address presented at a meeting of the Circulo de Economia on March 24th, 1990.

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The Cuisine of Spain: For the Health of It

The Spanish diet "sounds like a recommendation right from the new U.S. Dietary Guidelines for Americans, so it's no surprise that Spanish food and Spanish restaurants are quickly gaining regard in the States."

By Pat Baird

For centuries the Spanish have been enjoying olive oil. And ever since Roman times, Spain has exported olive oil. Today, Spain is the world's largest olive oil producer, exporting it to 85 countries. Spain exports more olive oil to Europe than any other country. In fact, most of Spain's export goes to Italy.

Recently Americans have become aware of olive oil's great properties, as their interest in diet and health persists. Olive oil has no cholesterol and medical research has shown that because olive oil is a monosaturated oil that it may actually help reduce blood cholesterol. This is important, as more and more research indicates that intake of saturated fat and cholesterol can lead to coronary heart disease.

Looking a bit more closely at the cuisine of Spain one can see that it is permeated with a combination of Mediterranean influences and uses ingredients that are fresh, flavorful and healthy. The market basket in Spain is filled with an abundance of fruits, vegetables, nuts, grains, spices, and herbs. Rice is ubiquitous in Spanish cuisine; it is virtually sodium free and contains but a trace of fat and no cholesterol. Garlic is especially favored and used in many dishes. Chicken is popular everywhere and in the coastal areas there is a superabundance of fish. Wine is an integral part of every Spanish meal. Overall it is a diet high in complex carbohydrates (both soluble and insoluble fiber), low in saturated fat, moderate in animal protein and rich in seafood.

This sounds like a recommendation right from the new U.S. Dietary Guidelines for Americans, so it's no surprise that Spanish food and Spanish restaurants are quickly gaining regard in the States.

This comes as no surprise to New York restaurateur and chef Felipe Rojas-Lombardi. In 1983, as America was going into its "grazing" mode, Lombardi opened The Ballroom restaurant/cabaret featuring no fewer than 65 kinds of tapas, in addition to its regular menu. The idea caught on immediately and other restaurants in New York and around the nation followed suit.

Tapas are derived from an old Spanish bar custom and today there are endless variations. Cold seafood salads, empanadas, eggplant casseroles, rice salads and the classic potato omelet are just a few of the items that might be enjoyed. "Tapas fit right into today's eating lifestyle," says Chef Lombardi. "Most of us would rather have several different kinds of foods and that's exactly what tapas are all about".

Chef Felipe Rojas-Lombardi's Ballroom Restaurant/Cabaret features 65 kinds of tapas.

Not wanting to restrict tapas enjoyment to diners in the restaurant, Felipe created The Tapas Box. Perfect for catered affairs, large groups, or Central Park picnics, a Tapas Box is a complete and portable feast. Each box contains seven different tapas, a bottle of imported water, and fruit. (The Ballroom is located at 253 West 28th Street, New York City and can be reached at 212-244-3005.)

In southern Spain tapas are traditionally served with sherry, which may vary from quite dry to full-bodied and sweet. Smaller size bottles are handy and quite convenient for toting to a picnic or tapas dinner in the park.

If you're a home cook, check the cookbook section of your favorite bookstore for volumes on Spanish food. You'll be delighted to find easy recipes that use an abundance of fresh peppers, tomatoes, beans, rice and, of course, garlic. It's not difficult to find recipes that are easy, exciting and will appeal to every family member and guest. If there are any vegetarians on hand, you'll be pleased to see how many full-flavored recipes without meat are provided. Spanish food truly has something for everyone.

If there's a special celebration coming up—either at home or in a restaurant—remember that Spain also offers some fine still and sparkling wines for every occasion.

All around the world people are looking for healthier, more nutritious ways to eat. It's time we look to the cuisine of Spain for food that is healthy and tasty. ☐

PAT BAIRD is a Registered Dietitian and President of Patricia Baird health care industries. She conducts a range of marketing programs.

EXPORTS AND THE U.S. ECONOMIC OUTLOOK

(CONTINUED FROM PAGE 26)

1980s. The top four exports in 1988, aircraft and spacecraft, vehicle parts, office machine parts, and computers, were also the top exports in 1984, unlike earlier periods in the 1970s and early 1980s when agricultural and other raw material exports were more important factors in U.S. export trade. The top 10 list is now dominated by manufactured items in general, and high-tech manufactures in particular. The top 10 U.S. merchandise exports account for about one-third of the total; high-tech exports account for about 60% of the latter.

Even though certain agricultural exports grew quite rapidly in 1989, it is unlikely that agricultural exports, in general, will regain the position they held in the 1970s. The "green revolution" in much of the Third World, and the agricultural policies of the industrialized countries, particularly the EC, have created world-wide food surpluses that are not likely to be eliminated soon. Even if the problem of overproduction were to be solved, the United States is unlikely, ever again, to have the dominant position in food production that it had in the 1970s, though, in absolute terms, agricultural commodities will continue to account for a significant share of U.S. exports.

The top 40 U.S. exports account for some 70% of the total. While there are exports of very low dollar value that are growing faster, their growth reflects their low base, more than an important new trend.

In general, the fastest growing exports are among the smallest in dollar volume of the top 40. Only two of the 10 fastest growing exports are in the top 10 in dollar volume. In total, they account for about 14% of total merchandise exports. This suggests that (outside of agriculture) there may be good export growth potential in many of the fastest growing exports of these industries.

A second characteristic is that many are high-technology products and/or require skilled labor. The fastest growing merchandise export, musical instruments, is a good example. While they are not high technology products, the manufacture of musical instruments requires a skilled labor force. If only unskilled labor were required, then the United States would not be nearly so competitive, because of relatively high U.S. labor costs. The essential ingredient in this export success story is quality. U.S.-made musical instruments (particularly brass and woodwind instruments, and electric guitars) are among the best in the world, and musicians everywhere are willing to pay for them.

> "U.S. export expansion, particularly in high-tech industries and business services, is likely to be an important contributor to the continuance of the health of the domestic economy."

Outside of the agricultural and raw materials areas—always intermittently important categories—many of the fastest growing exports are in the high-technology area. They include electronic components and parts (including semiconductors), synthetic resins, rubber and plastics, electromedical and radiological apparatus and electrical apparatus. Although not in the top 10 fastest growing exports between 1985 and 1988, more recently, U.S. exports of computers have accelerated. So far in 1989, the growth of computer exports has been well within the top 10.

Other exports within the top 40 in dollar volume, whose growth was not among the fastest in the 1985-88 period but which have experienced rapid growth from the first half of 1988 to the first half of 1989, include coal; aluminum; non-electric engines; motors and parts; specialized machinery; agricultural machinery; tractors; heating and cooling equipment; telecommunications equipment; and scientific instruments. The growth in all of these exports exceeded 15% during the past year. In dollar terms, about three-quarters of the growth in total merchandise exports during the first half of 1989 over the same period in 1988, consisted of manufactured goods, principally machinery, transport equipment, chemicals and undocumented exports to Canada.

More specifically, there has been a revival in the growth of U.S. high-tech exports. Between 1981 and 1986, the U.S. high-tech trade surplus declined from 27,400 million dollars to a deficit in 1986. Since then, the high-tech balance has returned to a surplus of 8,100 million dollars in 1988. However, since the beginning of the 1980s the United States has not been the unchallenged leader in this field. It, must work hard to maintain a leading, much less a dominant, position in this market.

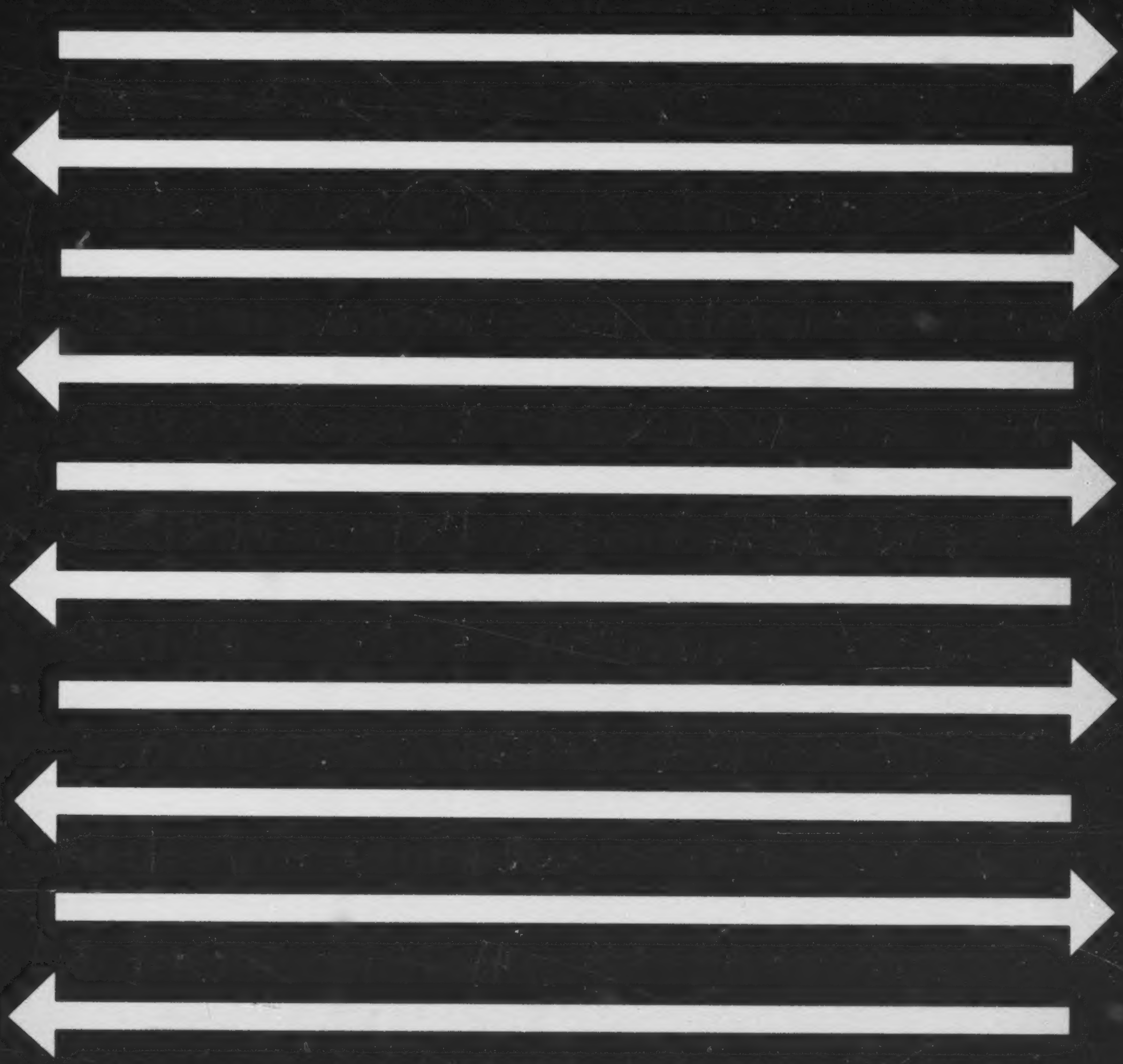
International Trade In U.S. Business Services

World trade in business services (including transport, travel, banking, insurance, royalties and fees), is only about one-fifth the size of world trade in goods, but it has grown twice as fast as the latter in the 1980s. The United States is the world's largest exporter of business services. In 1988, it totaled 92,100 million dollars, or about 11% of the world's trade in services.

U.S. business service exports have been growing even faster relative to merchandise exports, than has the total world trade in services. From 1980 to 1988, U.S. merchandise exports grew at an average annual rate of 4.5%; business service exports, on the other hand, grew at a 12.1% rate, or almost three times as fast. Since 1980, U.S. business service exports have grown from 14% of total exports to 22%. The service sector should continue to be a growth area for U.S. exports, as the result of the further integration of the European Community markets after 1992. The harmonization of rules and regulations, throughout the Community, should enhance the ability of the United States to compete, so long as it is not done in a way that is biased against outsiders.

Conclusion

The overall outlook for U.S. industry is more sensitive to the growth in export demand than ever before. U.S. export expansion, particularly in high-tech industries and business services, is likely to be an important contributor to the continuance of the health of the domestic economy. In this regard, the continued economic health of our major trading partners, and U.S. industry's ability to remain internationally competitive, are now important factors in the U.S. industrial outlook. □



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Codorniu Napa Valley Winery on Schedule

As reported previously the Barcelona-based firm of Codorniu S.A. is building a new 350-acre $22-million winery in the Napa Valley of California. As of late Spring 1990, the structural work on the lower level of the winery is nearing completion; the vineyards are showing great promise, and Codorniu anticipates that the winery will open in the Spring of 1991.

For the 500-year-old wine firm, the California winery is a logical extension: for decades Codorniu's enologists have visited Fresno University and the University of California at Davis to stay up-to-date with advancing American wine technology. Experts from both universities are frequent visitors to the Codorniu estates in Spain.

The new winery is located in the Carneros region—the coolest place in Napa, with an established reputation for growing the grapes which make the finest sparkling wine in the U.S. Drainage is excellent and there is water available for irrigation.

The First Stone (Primera Piedra)—or groundbreaking ceremony—took place June 12, 1989, with Codorniu's CEO Manuel Raventos, President Manuel Pages, and International Executive Director Xavier Pages officiating. Dennis C. Delaney, President of Codorniu U.S.A. also participated.

Adjacent to 742-foot-high Milliken Peak, the winery will have a view of the San Francisco Bay. It has been designed by Spanish architect Domingo Triay Darder, who in 1988 also designed the Raimat winery for Codorniu in Spain. Construction at the new winery in Napa is being overseen by California architect E. R. Bouligny.

The capacity of the winery is expected to be 185,000 cases. Vineyard planting and winemaking are directed by Ms. Pagano, an award-winning enologist, formerly of Domaine Mumm.

In many ways, Codorniu is a company which grows and changes constantly, but its management has been family-centered since the firm's beginning. It has always been vested in the five branches of the family, all descended from the union of Miguel Raventós and Anna de Codorniu in the late 1600s. Typically, management's style is to travel, observe, and update methods. For instance, after a trip to France in the 1870s José Raventós and his son Manuel introduced "Cava" to Spain—sparkling wine from Spain's native grapes made by the traditional method then being practiced in France.

Toward the end of the 19th century the family commissioned the construction of a magnificent new winery in the small town of Sant Sadurni d'Anoia, which has become the Cava capital of Barcelona wine country. Designated a national landmark by the King of Spain, it is visited by over 200,000 people a year.

Codorniu also owns the Masia Bach estate just outside Barcelona, which makes fine still wines.

Located three hours north of Barcelona, the Raimat estate was acquired in 1914. At that time it comprised little more than a picturesque hilltop castle overlooking a virtual desert. But the building of the Catalonia—Aragón canal followed soon after and pure mountain waters from the Pyrenees were used to irrigate the region.

Of the 7,500 acres located near the town of Lérida, a third are planted in grape vines, the rest in orchards and cereal crops. The winery uses cutting-edge technology throughout, tempered by respect for tradition.

Raimat is aided in clone selection and development by yet another Codorniu enterprise—Agro 2001, a supplier of virus-free clones from California rootstock.

During the '70s, the family hired Professor Vincent Petrucci of Fresno University to carry out an in-depth study into the possibility of growing non-indigenous vines at Raimat, in addition to native Spanish varieties. After Petrucci gave the go-ahead, Raimat began to experiment with Chardonnay, Cabernet Sauvignon and later, Merlot. These efforts were rewarded in 1975 with Raimat's first successful bottlings of these international varieties.

Besides unusual grape selections, Raimat has adapted California practices in training vines along wires. And, thanks to a special experimental permit, Raimat is authorized to irrigate its vineyards. Last year, a magnificent new winemaking facility was opened at Raimat, faced with stately columns which relate it architecturally to the original 1918 winery still in use. As well as the new winery now under construction in Napa.

The spectacular wines of Raimat are expected to debut in the U.S. this year. They include a special blend, Abadia, as well as a Chardonnay and a Cabernet Sauvignon. Those American critics who have been fortunate enough to taste them in Spain have given them excellent scores.

Codorniu U.S.A., which markets the firm's wines here in the U.S., is enjoying excellent growth, benefiting from the taste of the upwarding mobile for sparkling wine. The company's latest ad campaign, features graphic photos of Codorniu corks, with the tagline "Uncork an Occasion." It has helped bring the Codorniu name into the forefront of public awareness.

The California-Codorniu connection is a strong one, and will surely be deepened as the new Napa winery begins production. With California innovation, and Spanish regard for history, it should make for an excellent business base on both sides of the Atlantic. □

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Mercancia variada. Empresa americana de import-export desearia contactar con empresa similar establecida en España. Se dedican especialmente a: control de contaminación, equipo médico, articulos de ordenador. LEGEND INTERNATIONAL. Contacto: J.J. Dethlefsen, 4835 North O'Connor Road, Suite 134-406, Irving, TX 75062-2742; Fax: (214) 717-0575; Telex: (910) 250-0424.

Equipamiento médico nuevo y usado. Empresa americana deseria contactar con empresas españolas interesadas en estos productos. M.D. ENTERPRISES. Contacto: Matthew S. Symins, 468 SE Seabreeze Lane, Port St. Lucie, FL 34983; Tel: (407) 879-1093.

Mercancia variada. Empresa americana de import-export estaria interesada en establecer contacto con empresas de import export establecidas en Madrid y Barcelona. Se especializan en: alimentación de calidad, textiles, ropa y accesorios, articulos de cuero, cerámica y artesania, juguetes y articulos de regalo, articulos de deporte, joyas, ordenadores, softwear. BEST OF THE WEST. Contacto: Alexandra Schultejann, 425 Ridgecrest Ave., White Rock, NM 87544.

Automoción y accesorios. Empresa americana está interesada en trabajar con fabricantes de vehiculos de automoción y accesorios en España. Tienen experiencia en desarrollo de vehiculos, diseño de componentes, análisis de ingenieria; ofrecen servicios técnicos de consulting. AUTOMOTIVE CONCEPTS TECHNOLOGY. Contacto: Karl Racenis, 16223 Riverside Dr., Livonia, MI 48154; Tel: (313) 462-3948.

Mercancia variada. Empresa americana de import-export desearia contactar con empresas que comercialicen: Materias primas tales como metal, plástico, papel, productos quimicos, textiles, electrónica, productos agricolas y de alimentación, articulos de consumo, articulos de regalo, etc. Además, buscan un agente en exclusiva de compras y ventas en España. METROWORLD TRADERS CORPORATION. PO Box 76687, Los Angeles, CA 90076; Fax: (213) 382-2538.

Representante. Empresa americana de import-export busca representante y se ofrece para representar a empresa expañola en Estados Unidos. WORLD HARMONY INTERNATIONAL. Contacto: Mark C. Wai, PO Box 7215, Alhambra, CA 91802; Tel: (818) 284-5222; Fax: (818) 281-9378.

Investment opportunities for Jungleland. Need representative in Spain to promote investment opportunities for Jungleland Trained Wild Animal Showpark. Contact: Roman Lane, PO Box 6394, Alamo Heights, TX 78209-0394, USA; Fax: (512) 828-6338.

FIRMS IN SPAIN OFFERING PRODUCTS OR SEEKING REPRESENTATION

Polyethylene, polystyrene, polypropylene. Spanish firm seeks contacts with producers or exporters of these products. SEPLAST S.A. Attn: Segui, Mayor 17, 03440 Ibi (Alicante).

Non-sport activity campus. Spanish broker for large projects in Africa is interested in contacting US firms with experience in providing a full range of services and facilities for a safari-type park in an unspecified non-Arab coastal African country. IICC. Attn: Miguel Angel Santiago, Pedro Muguruza 3, 28036 Madrid, Tel: (91) 2503444; Fax: (91) 2507883.

Magnese sulphide. Spanish manufacturer of specialty steels would like to first purchase 1 ton. If acceptable, approximately 2,000 metric tons per year would be needed. ACENOR I & D S.A. Attn: José M. Castresana, Simón Bolivar, 7 48010 Bilbao (Vizcaya); Tel: (94) 4406311; Fax: (94) 4407884.

Fine inorganic chemicals, fine organic chemicals, chemical catalysts. Spanish firm seek to contact US manufacturers and/or exporters. CRAUSE ESPAÑOLA S.A. Attn: Jorge Peirano; Canoa 21, 2°D, 28042 Madrid; Tel: (91) 7425492; Fax: (91) 3203367.

Auto body repair and auto repair shop tools, automotive maintenance equipment. Spanish firm seeks to contact US manufacturers. TECNICAS DIFERENTES S.L. Attn: José de los Reyes Pérez; Astún 11, 50180 Utebo (Zaragoza); Tel: (976) 772999.

Automatic merchandising machines. Spanish firm seeks to contact US manufacturers of coin operated. MONEY MONEY S.A. Attn: Ramón Jovani. Avda Aristides Mailloll 7-9 08028 Barcelona; Tel: (93) 3335066; Fax: (93) 3343894.

Service-buying agent. Spanish manufacturer, importer and distributor of industrial supplies is seeking an experienced commission agent to facilitate its purchase of a wide range of US industrial products. ITURRI S.A. Attn: Luis Muriel; PO Box 426, 41007 Sevilla; Tel: (954) 519111; Fax: (954) 515358; Telex: 72221.

Fresh/frozen packaged octopus. Broker looking for suppliers of "octopus vulgaris," 1.5 Kg. per piece in full container lots; CIF Rome if fresh, FOB Rome if frozen. INTERNATIONAL 2000 S.A. Attn: G. Alvarez; Orense 6, 28020 Madrid; Tel: (91) 5565594; Fax: (91) 5558507.

Fresh/frozen packaged cod, hake, flounder, sole and cod and hake barbel, squid. Spanish firm engaged in the processing and distribution of fish products is looking for suppliers. Firm also exports Atlantic and horse mackerel and Atlantic bonito. ISAMOLA S.A. Attn: Isidro Salinas; Apartado 41, 48289 Guizaburuaga (Vizcaya); Tel: (94) 6842911; Fax: (94) 6842812.

Live lobster and spiny lobster. Spanish firm seeks to import. CADEMAR S.A. Attn: José Luis Ordovas. Pio XII 57, 28016, Madrid, Tel: (91) 2505460.

Tires, aeronautical materials (especially military), polyethylene, shredders. Spanish firm exports these goods. COPRODIMEX S.A. Attn: Alberto Garcia Castillo. Laurel 10, 28005 Madrid; Tel: (91) 4684411; Fax: (91) 4684933; Telex: 41213 CPIEM-E.

Pure jet. Spanish offers. Attn: Teresa Maria Garcia, Licores 168 B, P.I. de Marratxi, 07141 Palma de Mallorca (Baleares).

Services. Spanish firm offers marketing studies, advice contractor, reports of companies, commercial relationships. MIQUEL LASALA I RIUS. Apdo 531, 08700 Igualada (Barcelona); Tel: (93) 8050698.

Milking machines & replacement parts. Spanish manufacturer seeks to contact distributors, manufacturers and importers. MAQUINOR Attn: J.F. Alonso Avda; Antibióticos 204, 24192 Trobajo del Cerecedo (León); Tel: (987) 236108; Fax: (987) 236108.

Bottling line. Spanish firm seeks representatives, distributors or importers. FIASA Aldapeta 50, 20009 San Sebastián (Guipúzcoa); Tel: (943) 471965; Fax: (943) 471966; Telex: 38124 TALCA.

Computers. Spanish firm seeks to contact manufacturers of computers in view to establish commercial relations for importing. GALADIER S.A. Attn: Antonia Hernández. Más de Gaminde 42, Las Palmas de Gran Canaria.

Weavers for decorative and furnishing purposes. Spanish firm wishes to contact wholesalers and distributors. ESTEBAN FIGUEROLA Plaza Equilaz 10, Entlo 2°, 08017 Barcelona; Tel: (93) 2050603.

Fertilizers and insecticides. Spanish firm seeks to contact firm offering these goods, particularly for use for citrus. FITOCER S.L. Attn: Angel Luis Rosello; Plaza Luis Reig 19, 46117 Betera (Valencia); Tel: (96) 1601311.

Activated charcoal in powder, pellets or granules. Spanish firm seeks US supplier for gas and liquid filtration. ALOS ENGINEERING S.L. Attn: Edurne Pérez; Concilio de Trento 13 esc 6, 08018 Barcelona; Tel: (93) 2160446; Fax: (93) 2151701.

Plate-type heat exchangers. Spanish firm seeks a licensee or joint venture to manufacture heat exchangers for the food and ship-building industries. TERMOJET S.A. Attn: José Dávila; PO Box 1383, 36080 Vigo; Tel: (984) 437566; Fax: (984) 431898.

Industrial Firms. Spanish firm would like to represent as sales agent American industrial firms that export goods. S.A. DE MATERIAS DE RECUPERACION. Attn: José Palaudarias; Calle Nicaragua 69, 08029 Barcelona; Tel: (93) 3225811; Fax: (93) 4306676; Telex: 53097.

Couches and armchairs. Spanish firm manufactures these items upholstered in skin and cloth. TAPIZADOS PUCHOLT S.A. Virgen de Los Angeles 11 46470 Albal (Valencia); Fax: (96) 1268943.

Knitted textiles, confection and leather goods. Spanish general trading Co. dealing with imports/exports of knitwear, ready-to-wear, and all kind of leather garments and accessories (fashion products, also knitwear licence) would like to contact importers, exporters and producers worldwide. Write in English, French or Spanish to MALLA DEL NORTE S.A. Attn: Jordi Villar i Herrero; Industria 131, entlo 2°, 08025 Barcelona. Tel: (93) 2567201. Fax: (93) 2567202.

(CONTINUED ON NEXT PAGE)

FIRMS IN SPAIN OFFERING PRODUCTS OR SEEKING REPRESENTATION
(CONTINUED)

Chinaware: Contact LUSO ESPAÑOLA DE PORCELANAS S.A., Corazón de Maria 7 bis 28002 Madrid; Tel: (91) 413-7564.

Garments: Contact CONFECCIONES ZOAN S.A., Camino del Monte 1, Madrid. Tel (91) 871-1372.

Flat glass: Contact NEWGLASS S.A., Dr. Fleming 44, 28036 Madrid, Tel: (91) 259-6332.

Jewelry, gold bracelets: Contact ADEBAR S.L., Principe de Vergara 207 28002 Madrid.

Stainless steel doors, brass and copper doors: Contact GRUPO HISPANO METALICAS S.A. Ctra., Fuenlabrada-Humanes Km 1.800, 28960 Humanes. Madrid. Tel: (91) 606-3912.

Invention of machinery. Spanish firm that produces industrial equipment to apply electric energy offers services. FORM S.A. Attn: Jorge Manuel Mir. Maestro Alonso 5 Can Jordi 08191 Rubi (Barcelona). Tel: (93) 6992845.

Partnership. Spanish firm focused in Foreign Trade, that disposes of its own technical engineering, a distribution network and a subcontract line seeks to contact partner. EXPORT IMPORT SERVICE S.L. Attn: Onofre Boque; Cra de Vic 9, entresol, PO Box 496, 08240 Manresa (Barcelona); Tel: (93) 8725113, Fax: (93) 8725581; Telex: 94613 MCRJ.

Leather handbags. Spanish manufacturer is interested in exporting. NANCI ESTIL S.A. Creu de Codines 47, 08510 Roda de Ter (Barcelona); Tel: (93) 8540802.

Firm gifts, commemorative, civil and military medals, cuff-links, key chains, tie clips, etc. Spanish manufacturer exports these goods produced in different metals, even in precious jewelry. JOAQUIN SAZ S.A. Santiago Estévez 34, 28019 Madrid. Tel: (91) 4725111.

Buying agent of consumer goods ~~in~~ general and especially in giftware and furniture offers his services. Attn: José Salvaña. Apdo Correos 277, Ronda Carlos III 23 entlo A. 08302 Mataro (Barcelona); Tel: (93) 7986273, Fax: (93) 7987078; Telex: (4455 ARAC E.

Wood. Spanish manufacturer seeks to contact American firms. MAVISA S.A. Avda. Castilla 32 Nave 3, 28850 Torrejón de Ardoz (Madrid). Tel: (91) 6765023; Fax: (91) 6563080.

Specialty foods from Spain. Spanish firm offers these products. ALDABA Attn: Antonio Sánchez de Lerin; Honduras 13, 28016 Madrid. Tel: (91) 3457153; Fax: (91) 2590150; Telex: 48425 Necke.

Feed additives for animal feeding. Spanish firm seeks to contact American distributor and offers to joint venture. INDUSTRIAL TECNICA PECUARIA S.A., Attn: Francisco Puchal, Trav de las Corts 161 entlo C, 08028 Barcelona; Tel: (93) 330-8861; Telex: 54237 ITPB-E; Fax: (93) 411-0219.

ART

Tàpies Art Museum Opens in Barcelona

By Pancho Shiell

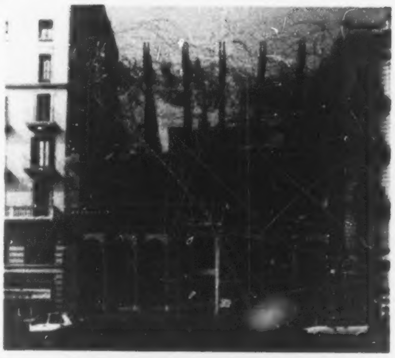
A major new museum and modern art center, the Fundació Antoni Tàpies, is scheduled to open its doors in Barcelona [illegible] June. This is the city's third one-artist museum, along with the Museu Picasso and the Fundació Joan Miró.

In 1984, when the celebrated Catalán artist Antoni Tàpies decided to set up a foundation bearing his name, he said that in this way he hoped to provide a means of achieving "ideals that are nearly impossible to realize in a single lifetime, for want of time and resources."

The city government of Barcelona donated what Tàpies felt to be the ideal site for the Foundation: the old Montaner i Simon publishing house building, at 122 Carrer d'Aragó, near Passeig de Gràcia, in Barcelona's exquisite 19th-century Eixample section. This ornate brick-and-iron structure was built between 1881 and 1884 by the great exponent of Catalán *Modernismo,* architect Lluís Domènech i Montaner. His numerous Modernist landmark buildings in Barcelona include the sensational and Gaudíesque Palau de la Música Catalana.

After a major 3-year project, headed by architects Roser Amadó and Lluís Domènech (great-grandson of the original builder), the old home of the publishing house has been reconditioned and its 40,000 square-foot interior space has been adapted to house the Foundation and its facilities—the museum, exhibit rooms for shows by other contemporary artists, an auditorium for conferences, seminars and symposia, administrative offices, workshops, and a major research library, the nucleus of which is the artist's vast personal collection of books and periodicals—all within an atmosphere that Tàpies describes as "an emotional climate."

The core of the museum will be an enormous collection of works by Tàpies, most of which have been contributed by the prolific 67-year-old artist and not previously on public view. The works cover the different stages of the artist's career as his style evolved into the formalization of Abstract Expressionism, as well as the entire spectrum of his media and techniques: painting, assemblage, sculpture, drawing and ceramics. Apparent are his previous associations with Picasso and Miró.



The new Fundació Antoni Tàpies Museum. The gigantic sculpture in metal wire and tubing on top of the building is the largest of all Tàpies' works.

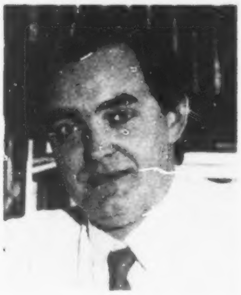
The largest of all Tàpies' works is on top of the building itself: the recently completed gigantic sculpture made from over 9,000 feet of metal wire and tubing. The glistening metallic flurry crowns the entire width of the façade and adds 42 feet to its height, compensating in a curious way for the greater heights of the adjacent buildings on either side. The sculpture is entitled "Cloud and Chair"; the tubing and fine wire create cloudlike formations, and above them stands the outline of a chair, which is the emblem of the Fundació Tàpies.

"Our aim," says Foundation director Miguel Tàpies (the artist's son) "is to bring to students and to the general public the voices of the best specialists in the different fields of art and thought which we hope to cultivate—to provide in this way a setting for debate, criticism and research."

Tàpies Work Exhibited in Chicago

Meanwhile, at the Richard Gray Gallery in Chicago, an exhibition of new work by Tàpies opened on May 11th, continuing through June. The gallery, at 620 North Michigan Avenue, is open Tuesday through Saturday from 10 a.m. to 5:30 p.m. ☐

LAST PAGE



Madrid: A City Alive

"Madrid today is full of holes . . . However, each one of these holes is an indicator of progress . . . Probably a good time to become a madrileño de adopción."

By Ignacio de la Rica

Not too many weeks ago, the Mayor of Moscow visited Madrid. Shortly before returning to Moscow, he confessed, both surprised and amused, that what had struck him most about the capital of Spain was the monumental traffic in the streets of Madrid . . . , at four o'clock in the morning!

I remember dining with an Italian art dealer in Manila, having drinks in Singapore with an Australian banker temporarily established in Hong Kong, and having traveled from Tampa to Naples, Florida with an important Canadian in the construction business. All three knew Madrid. They had been there various times on business. All three, and I believe the Mayor of Moscow would agree, remarked that, today, Madrid is above all else a city alive.

And yet, Madrid has always been a relaxed, slow-paced, tranquil city, a provincial city. As the administrative capital of Spain throughout many centuries, all the offices of the centralized government were concentrated in Madrid, and all too often they behaved arbitrarily and despotically, presumably obsessed in maintaining their power, unconcerned about economic development. The industrial and commercial focus of Spain was near the sea, in the Basque country and in Catalonia, in the Atlantic and the Mediterranean. Madrid, in the center of Castille, a land the poets describe as belonging more to the hereafter than to this world, and Castille, in the center of a Spain accustomed to valueing bloodlines, the habit or the uniform over the bank account, have never been known for their love of generating wealth. Until now.

The truth is that in Madrid, we are almost all foreigners. Very few of the four million inhabitants who saturate Madrid, and amuse themselves here daily, were born in this city, or have roots in the capital of Spain, something that for Europeans, is intrinsic to their philosophy of life. Madrid is an amalgam of those from small towns, people from the sea, adventurers longing to work and play, make money, jamming the city. Like all good foreigners, these "madrileños de adopción" are just passing through the place to which they've come in the hopes of making their fortune.

Madrid is still the administrative capital, but of a much more open system, better distributed, but paradoxically more decentralized—moving towards local government and Brussels and the European Community. Those in political power have come to learn that the best way to survive is by favoring economic development. In this, Madrid has the advantage of being the geographic center of Spain, equidistant by air to Lisbon, Barcelona, Bilbao, Valencia, and Seville, the five corners of the Iberian peninsula.

Only three of Spain's twenty-five major companies do not have their headquarters in Madrid. Thirty years ago, the exact opposite was true. The numerous multinational companies functioning in our country have their decision-making centers in Spain's capital, although their production facilities may be where labor is cheaper or closer to the centers of the European distribution network. Additionally, although some of Spain's largest banks, such as the Banco Santander and the Banco Bilbao Vizcaya, still conserve their provincial origin in their name, that is all that is left of their origins. Their headquarters, their centers of operations, are in Madrid, where practically all the financial resources that are vital to a country like Spain, are controlled.

In Madrid, as in all large cities of the world, economic activity is far ahead of politics. The growth the city has experienced in the past few years does not correspond with the development of Madrid's infrastructure. For example, Madrid, Lisbon, and Athens are the only state capitals of the European Community not incorporated into the network of highways connecting these capitals. Madrid is two hundred kilometers and a few months short of leaving Lisbon and Athens with this dubious honor. However, the highway problem has made Madrid the nucleus of railway communication in Spain, and Barajas the airport with the heaviest domestic traffic, second only to Palma de Mallorca in international traffic.

Madrid today is full of holes. The most visible ones are those caused by the new subway system, streets constructed beneath other streets, underground parking lots, the installation of more modern telephone lines, etc. There are other less visible and perhaps more important holes, but all contribute towards the paralysis of the city, which at the moment is experiencing the largest growth in its long history. However, each one of these holes is an indicator of progress, above, below, and towards all four cardinal points. Probably a good time to become a "madrileño de adopción". ☐

IGNACIO DE LA RICA is the director of *Actualidad Economica*, Spain's leading business magazine.

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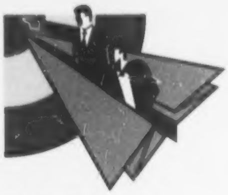
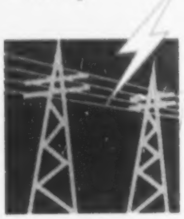


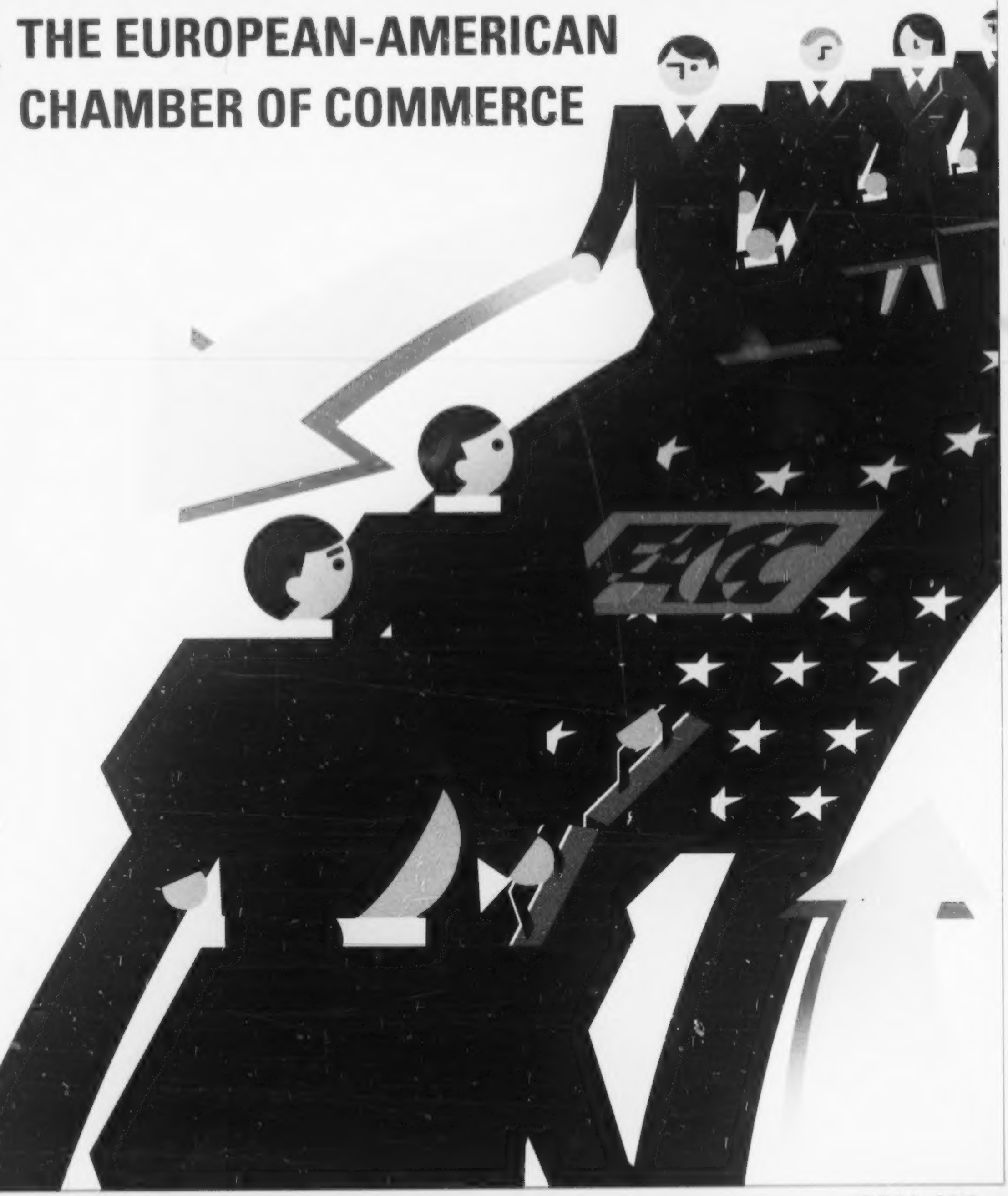
U.S. Trade Missions To Spain

U.S. - Spain Income Tax Treaty



The Electricity Sector in Spain

1992: TransAtlantic Banking



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The Business LINK

Contents

Fall 1990—No. 157

Features:

THE CHAMBER

Ricardo Jové and other Directors Elected at Annual Meeting 5

The 31st Anniversary Gala: The Chamber Salutes Madrid and Celebrates its 31st Birthday 11

The European-American Chamber of Commerce is Formed 16

People at the Chamber: New Faces, the Chamber Interns ...17

U.S. NEWS

High-Tech U.S. Companies Discover an Attractive Spanish Market 21

Join Forces and Conquer: "Foods from Spain's" Successful Marketing Strategy 24

SPAIN SURVEY

Spain's Paper Companies: Can They Compete Globally? 32

The Electricity Sector in Spain: Setting the Stage for a New Decade 36

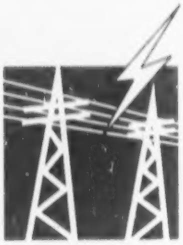
The Iraqi Crisis: Business as Usual? 39

THE EC REPORT

1992 and Banking Regulations: A New Playing Field for the United States and Europe 41

LEGAL NEWS

The United States-Spain Income Tax Treaty: A Boon for Business ...45



Departments:

EDITORIAL 3

COMMERCIAL OFFICE OF SPAIN 20

SPANISH LISTINGS ON NEW YORK STOCK EXCHANGES 28

NAMES IN THE NEWS 30

CONFERENCES, FAIRS AND EVENTS 46

THE ARTS 50

HISPANIC MARKET 52

FOOD AND WINE 55

THE LAST WORD 60

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EDITORIAL

European-American Chamber of Commerce: En Interés de España

Dado el proceso integrador europeo, la creación de una Camara de Comercio Europea-Americana en EE.UU. es un paso lógico. Su estructuración e implementación ha sido sin embargo, motivo de profunda discusión con dos planteamientos sustancialmente distintos.

Uno considera que los "Estados Unidos Europeos" van a ser un conglomerado homogeneo (igual al norteamericano) y que, por tanto, debe haber una sola cámara de comercio que defienda esos intereses en EE.UU., sin mucha consideración para las compañías americanas que negocian con Europa. Esta opción piensa que, a medio plazo, esta cámara tendria unas "ventanillas" para cada pais. Incluye el "lobbying" como aspecto fundamental de sus actividades y por el que las compañías asociadas deben adelantar importantes sumas de dinero. Esta opción es defendida, en solitario, por la Cámara de Comercio Holandesa en Estados Unidos, con el apoyo del embajador de la C.E.E. en Washington, el también holandes Andreas Von Agt.

El segundo planteamiento intenta responder a la realidad de una Europa que, en su propio proceso de homogeneización, se basa en una comunidad más "amplia y profunda", utilizando los conceptos de *The Economist*. Ello significa que este marco común que tiene al C.E.E. como nucleo original, se basa en un profundo respeto y asimilación de las distintas nacionalidades europeas, con total aceptación de sus particulares lenguas, culturas y tradiciones. En definitiva una Europa donde ser europeo no significa dejar ser alemán, italiano o español sino que además reconoce la idiosincracia de Bavaria, Lombardia, o Galicia.

Esta Cámara de Comercio España-EE.UU., de total acuerdo con las cámaras de comercio establecidas en Nueva York y representantes de los otros diez paises comunitarios, han defendido la segunda postura como la más consecuente con la realidad europea y que mejor permite defender los intereses de cada pais dentro de un marco común europeo.

Los socios de esta Cámara y también nuestros lectores tendrán puntual información de desarrollo de la "European-American Chamber of Commerce—EACC". Debe de ser, y será, una nueva y dinámica plataforma económica para la defensa y activación de intereses europeo-norteamericanos, especialmente útil para compañías medianas y grandes en esta etapa inicial.

Pensamos que aunque nuestros socios y simpatizantes españoles tengan pasaporte europeo, sus posiciones de mercado e intereses económicos y finacieros son sustancialmente distintos de sus otros colegas europeos. La obligación de esta Cámara es defender los intereses de las compañías españolas y creemos que podemos hacerlo mejor desde una vicepresidencia que ostentamos en la "European-American Chamber of Commerce".

MIGUEL SEBASTIÁ

SPAIN-USA
CHAMBER
OF
COMMERCE

The Business LINK

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INDEX OF ADVERTISERS

BANCO ATLANTICO 38
BANCO BILBAO VIZCAYA 7
BANCO CENTRAL 23
BANCO DE SABADELL 30
BANESTO 51
CARRERA Y CARRERA 34
COMMERCIAL OFFICE OF SPAIN
("FOODS FROM SPAIN") 27
ALEX DIMANT FUR CO. 59
EXTEBANK 43
FREIXENET USA, INC. .... Inside Front Cover
GOYA FOODS 31
GRAND BAY HOTEL 57
IBERIA AIRLINES OF SPAIN .... Back Cover
IBERIA CARGO SERVICES 44
METROPOLITAN LIFE 2
NBC SPORTS .... Inside Back Cover
PARADIS BARCELONA RESTAURANT 54
PHILIP MORRIS INC. (MARLBORO CIGARETTES) 35
TOURIST OFFICE OF SPAIN 47
TRASATLANTICA AGENCY USA INC. (SPANISH LINE) 48

Ricardo Jové and Other Directors Elected

Annual Meeting hears reports on Chamber's progress and elects a new panel of directors.

Ricardo Jové

A panel of nine new members of the Board of Directors of the Chamber was elected at the Annual General Luncheon Meeting, held on July 12th at the Casa de España. At a subsequent meeting of the Board, including the new members, **Ricardo Jové**, of Amtraco L.P., was unanimously reelected President of the Chamber for a second one-year term.

A traditional feature of the annual meeting is the presentation of the President's report to the membership. The theme of Mr. Jové's report was "A Balanced Chamber," which implied several important goals: that the Chamber not represent the interests of large corporations and multinationals at the expense of smaller companies; that the Chamber plan its expenditures carefully to accomplish everything possible within a limited budget; and that the Chamber not neglect any sector among the varied types of organizations among the membership: financial services, importers, manufacturers, distributors, etc.

Mr. Jové also stressed the importance of innovative thinking in promoting the interests of the Chamber and of the membership, not only in what the Chamber does but in the way it communicates with the members, especially through *The Business Link* and the *Link Letter*.

He also outlined the successes of the past year and suggested areas which could be expanded, discussing the magazine and newsletter, the dinner dance, business luncheons, the junior breakfasts, and other activities.

Newly Elected Members of the Board of Directors

Mr. Robert Breitbarth	**Private Investor**
Mr. Barry Craig	**Aristrain International**
Mr. Dennis Delaney	**Codorniu U.S.A.**
Mr. José Manuel Entrecanales	**Entrecanales y Tavora, S.A.**
Mr. Alfonso Escalera	**Transatlantica Agency U.S.A.**
Mr. Randel Falco	**N.B.C. Sports**
Mr. Olimpio Fernandez	**Banco Atlantico**
Mr. Jay C. MacDonald	**Goldhirsh Group**
Mr. Francisco Vera	**I.N.I.**

At the Annual Meeting: Juan Carlos Barquin of Banco Bilbao Vizcaya and Francisco Alcón of Banco Hispano Americano.

(L to R) Luis Bonel, Jaime Peribañez and Alicia Corbero, all of Majorica Jewelry, and Marcelino Moldes of R.B.S.D. Inc.

Chamber Treasurer Bonnie Hoskins of Manufacturers Hanover, Ramiro Mato of Banco Exterior, and Juan Carlos Recoder, Commercial Attaché of Spain.

The Treasurer's Report

Chamber Treasurer Bonnie Hoskins presented the following report at the Annual Meeting:

Total income for fiscal 1989 reached $720,600. After expenses totalling $719,000, the Chamber showed a surplus of $1,600 for the year. Though the final result was satisfactory, this Board of Directors has made it a priority to reduce reliance on income from special events and to put the Chamber on a firmer financial base. Some of the initiatives under way to accomplish this goal include:

- A drive to increase membership. Over 30 new members have signed on since the beginning of the year.
- Implementation of a new internal accounting system which will allow the Chamber's finances and budgeting process to be managed more closely.
- Institutionalization of special events, such as seminars and trade tours, which have the potential for providing steady income.

Special thanks are due to the Finance and Membership Committees, whose ongoing work is crucial to our ultimate success. ☐

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Rep-Ch: Mr. Randel A. Falco,
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A 31st Anniversary Message from The President of the United States

THE WHITE HOUSE
WASHINGTON

June 29, 1990

It is a great pleasure to send warmest greetings to members of the Spain-U.S.A. Chamber of Commerce as you gather to celebrate your 31st anniversary.

A tide of historic change has swept through much of our world, bringing with it increasing awareness that a global market, one free from government restrictions, is vital to maintaining peace and to increasing prosperity for all nations. Continuing cooperation between the United States and Spain is important in helping to bring about the orderly transition to free market economies throughout Europe. Through your organization's efforts to expand trade between the United States and Spain, you have not only brought our nations closer together but also forged closer links between the United States and the European community. I commend you for your dedication to strengthening the bonds of friendship and economic cooperation that have brought so much good to our two countries and our peoples.

Barbara joins me in sending you our best wishes for an enjoyable dinner-dance and for a prosperous year. God bless you.

A Message from the King of Spain

Es para mi de nuevo, motivo de satisfacción dirigirme a la Cámara de Comercio España-USA con ocasión de la celebración del XXXI aniversario de su fundación.

En tan dilatado periodo de tiempo la Cámara ha venido desarrollando una importante tarea en favor del estrechamiento de las relaciones comerciales y empresariales entre España y los Estados Unidos de América. La Cámara ha sido fiel testigo de la evolución económica de ambos países en coyunturas muy diversas contribuyendo al afianzamiento de las relaciones mutuas.

Nos encontramos a las puertas de una nueva etapa con la creación del Mercado Unico Europeo y la Asociación de Libre Cambio entre Estados Unidos y Canadá, y es cada vez más necesaria la labor realizada por instituciones como la Cámara de Comercio España-USA, que con su inestimable esfuerzo contribuye a desarrollar importantes vínculos entre ambos Continentes facilitando el entendimiento y amistad de nuestros pueblos.

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THE 31st ANNIVERSARY

GALA

The Chamber salutes New York's Sister City, Madrid, and celebrates its 31st birthday.

Madrid's Mayor Agustín Rodríguez-Sahagún and Mayor David Dinkins of New York were the guests of honor at the Chamber's annual Dinner Dance, held on Friday, June 28th, at the Pierre Hotel. The occasion celebrated the 31st anniversary of the founding of the Chamber and was dedicated to Madrid.

Brian Henderson, Chairman of the Dinner Dance Committee, gave a brief opening speech highlighting the historic meeting of the mayors of the two sister cities.

Mr. Rodríguez-Sahagún disclosed an ambitious plan of collaboration between Madrid and New York, cities that share many problems as well as many opportunities for an exciting future. The Mayor is

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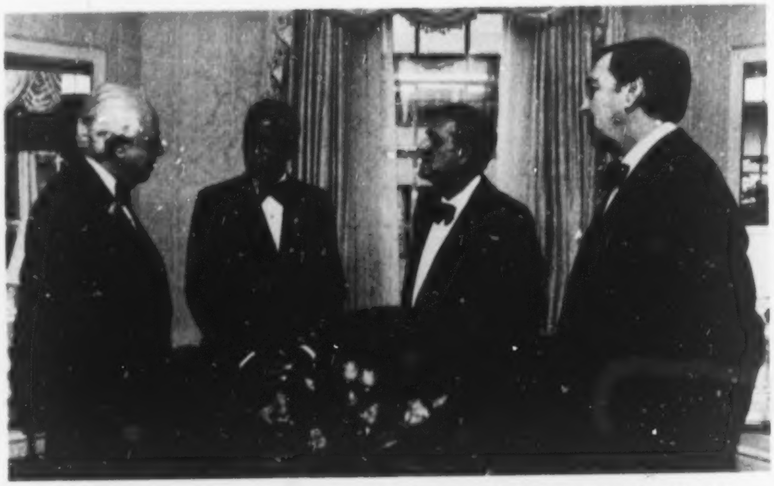
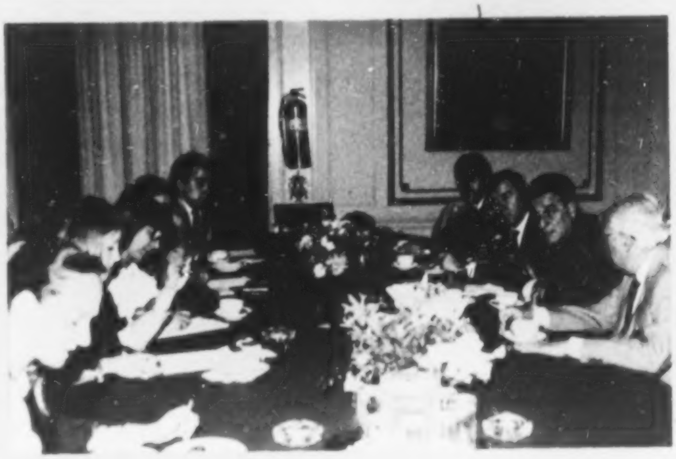


At a private meeting between the Mayors of New York and Madrid are (L to R) Spain-U.S. Chamber of Commerce President Ricardo Jové, Mayor David Dinkins of New York, Mayor Agustín Rodriguez Sahagún of Madrid, and Ambassador Miguel de Aldasoro, Consul General of Spain in New York. Also present were Mrs. Judith O. Rubin, New York City Commissioner of Protocol; Paul O'Dwyer, Commissioner for the United Nations and Consular Corps; and Brian C. McK. Henderson, Vice President of the Chamber.



CHAMBER SPONSORS PRESS CONFERENCE

On June 29th, the Spain-U.S. Chamber of Commerce sponsored a press conference and breakfast with Mayor Agustín Rodríguez Sahagún of Madrid. Held at the Metropolitan Club, the conference was attended by representatives of the press from Spain and of the Spanish-speaking press in the United States. Also present were Chamber President Ricardo Jové and Ambassador Miguel de Aldasoro, Consul General of Spain in New York

THE 31st ANNIVERSARY
GALA
SALUTES MADRID

(CONTINUED FROM PAGE 11)

planning a "Week of Madrid in New York" for next year and hopes to intensify the cultural exchange programs already in existence.

After expressing his gratitude to Mr. Rodríguez-Sahagún for his official invitation to visit Spain's capital next year, Mayor Dinkins noted that despite this being their first meeting, he already knew that Madrid's mayor was a man with whom he could work. Expanding business exchanges between the two cities is one of the priorities of his administration, he said, and the Spain-U.S.A. Chamber of Commerce "is and will be playing a very important role in the future of this relationship."

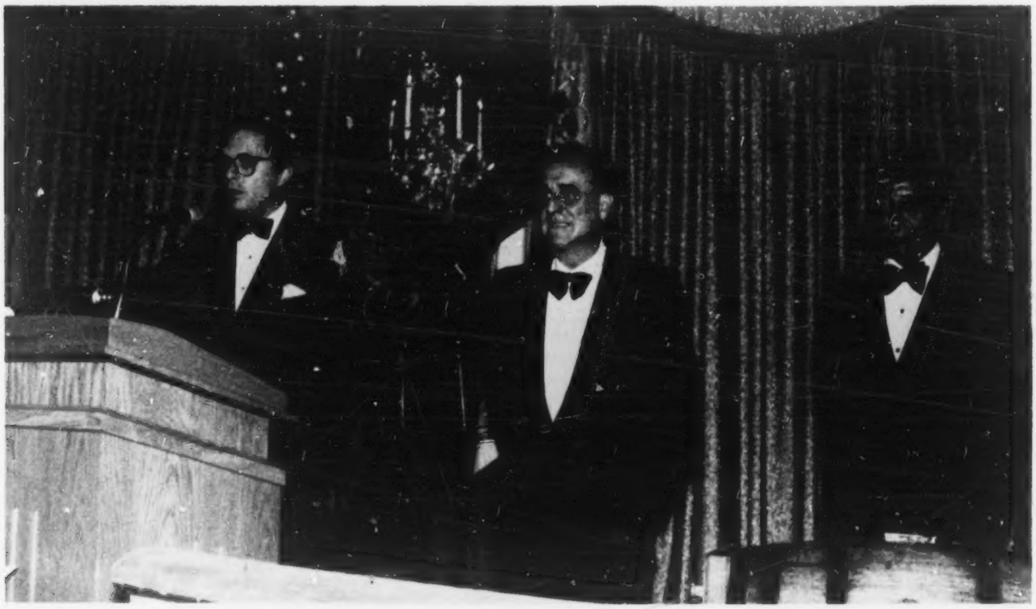
A highlight of the evening was a performance by the guitarist Manuel González. His all-Spanish concert consisted of "Madroños" by Federico Moreno Torroba, "Recuerdos de la Alhambra" by Francisco Tárrega, and "Sevilla" by Isaac Albeniz.

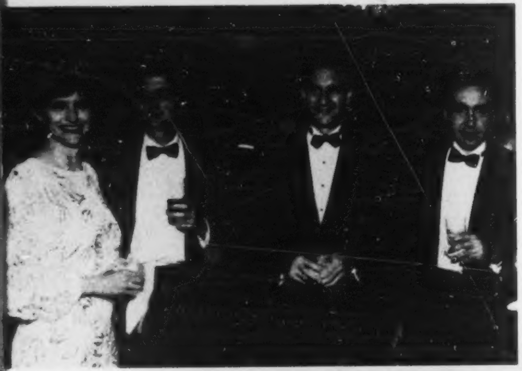
(CONTINUED ON PAGE 14)

Above, Mayor Dinkins of New York and Mayor Rodriguez Sahagún of Madrid compare notes on the problems of city government.

Left, Mayor Rodriguez Sahagún (left) speaks with Clark Winter, Chairman of The Spanish Institute, Ricardo Jové, and Judith O. Rubin, New York City Commissioner of Protocol.

Below: Dinner Dance Committee Chairman Brian C. McK. Henderson formally opens the Gala as Mayors Rodriguez Sahagún and Dinkins look on.

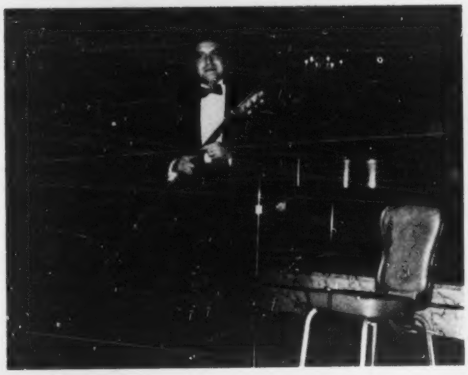


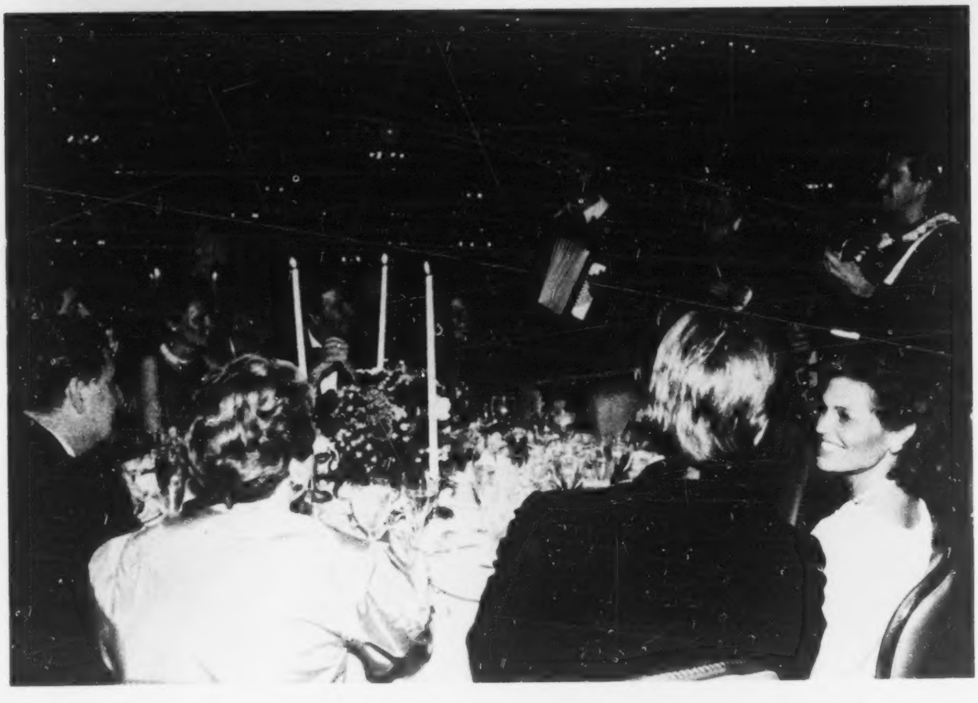


Above, left, Mayor Rodríguez Sahagún presents Chamber President Jové with a flag of the City of Madrid. At left and right are Ambassador Miguel de Aldasoro and Joaquín de la Infiesta, Commercial Consul of Spain.

Above right, Mr. Jové presents a framed cover of the summer issue of The Business Link, which featured Madrid, to Mayor Rodríguez Sahagún. Also present (L to R): Miguel Sebastiá, Executive Director of the Chamber; Ambassador de Aldasoro; Mr. de la Infiesta; and Manuel L. Fuchet, head of the International Relations Department of the City of Madrid.

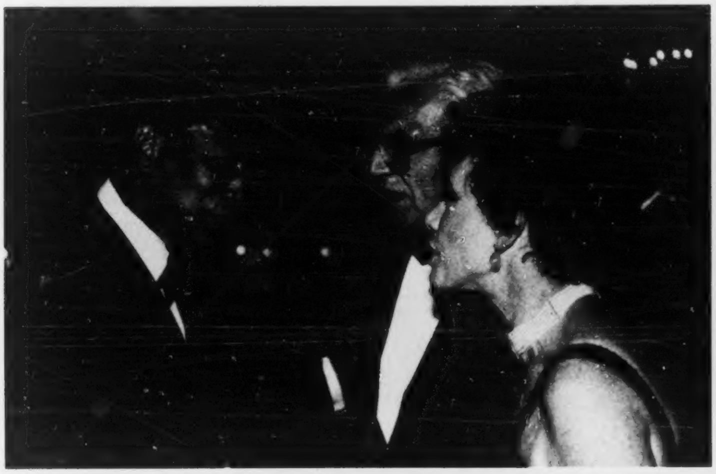
Left, Chamber Treasurer Bonnie Hoskins, Mr. de la Infiesta, Manuel Cortezón and Miguel Jordana.





Above, guitarist Manuel González acknowledges the applause following his performance for the gala guests.

Left, a Spanish tuna, "The Wandering Minstrels," performs at the President's table.



Above, Mayor Dinkins greets Marvin Traub, Chairman of Bloomingdale's, and Mrs. Traub.

Above (L to R) Xavier Serrado, Juan Carlos Recoder, Commercial Attaché of Spain in New York, Ms. Collar, and Jesús Rodriguez-Andia, Consul of Spain in New York.

Right, Maria "Conchita" Iglesias of the Chamber staff presents a raffle prize to a fortunate guest.

At left, the famed Spanish tenor Alfred Kraus is flanked by Mrs. Ricardo Jové (left) and Mrs. Antonio Campos.

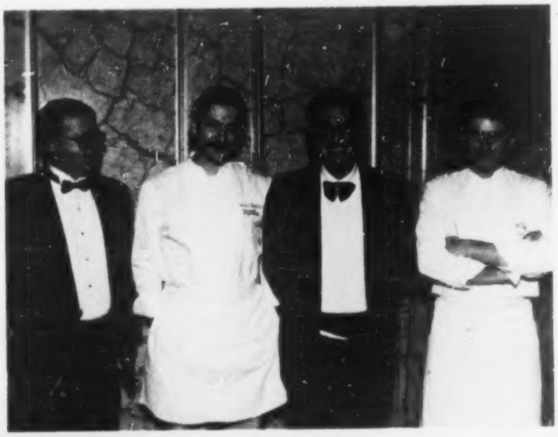
THE 31st ANNIVERSARY
GALA
SALUTES MADRID

(CONTINUED FROM PAGE 12)

Madrid's Taberna del Alabardero Restaurant delighted our guests with some of the city's specialities: *Soldaditos de Pavía*, salmon with green asparagus sauce and Aranjuez asparagus mousse, *madroños granite*, medallions of veal with Sierra de Madrid wild mushroom sauce, and for lovers of really strong coffee a *carajillo de Madrid*. This wonderful feast was made possible thanks to Luis de Lezama, owner of the Taberna, one of Madrid's finest restaurants, and its chef, Ramón Gaztelupe.

"Madrid: An Open City" was the special feature of *The Business Link* magazine's summer issue featuring Spain's capital as 1992 Cultural Capital of Europe and highlighting Madrid's business, financial and touristic opportunities. ☐

Above, Raymond E.C. Surguy (center) and Mrs. Surguy (right) with guests.



Above, Mayor Rodríguez Sahagún congratulates chefs Josu Zubikarai, Ramón Gaztelupe, and (right) Luis de Lezama of the Taberna del Alabardero Restaurant in Washington, D.C.

Above, Mr. and Mrs. Enrique Ramos and other gala guests.

Left, Mrs. Francisco Alcón (left) with guests of Banco Hispano Americano.

Right, gala guests listen as the guests of honor are introduced.

The European-American Chamber of Commerce is Formed

> "Ricardo Jove, elected a Vice President of the newly formed EACC, welcomed the opportunity to expand services to the members of our Chamber at a time when Spain is completing its integration into the European Community."

The Spain-U.S. Chamber of Commerce, together with the leading bi-lateral European Community chambers of commerce has formed a new organization, the European-American Chamber of Commerce (EACC). It is designed to facilitate a continuing channel of communication for bilateral chambers in dealing with issues affecting the economic relations between the U.S. and individual European countries.

The membership of the new organization is composed of the bilateral chambers of commerce, which in turn represent the vast majority of companies engaged in transatlantic business. The bilateral chambers will have equal representation on EACC's governing board and the chairmanship of the board will rotate every six months.

Spain-U.S. Chamber of Commerce members will be able to participate in EACC through its Corporate Council, the membership of which will include senior representatives of major EC and U.S. multinational companies. The EACC will express the views of the Council on important emerging business issues to key opinion leaders and policy makers in the European Commission and the U.S. government, in an effort to establish effective lines of communication between Brussels and Washington.

Chamber President Ricardo Jové, elected a Vice President of the newly formed EACC, welcomed the opportunity to expand services to the members of our Chamber at a time when Spain is completing its integration into the European Community.

The current Cnairperson of EACC and President of the Italy-America Chamber of Commerce, Ms. Enza Cirrincione, noted that "The bi-lateral chambers have long been a focal point for economic cooperation between each of the European Community member nations and the United States. EACC will build on this long tradition and will supplement the continuing activities of these chambers, providing a united voice for companies of the European Community in the U.S."

According to Serge Bellanger, the first President of the new entity and President of the French-American Chamber of Commerce in the U.S., "EACC will provide a valuable forum for discussing significant economic issues involving the U.S. and the European Community."

The creation of EACC comes at a time when trade between Europe and America, which has increased significantly in recent years, has become the largest trade flow in the world, totaling over $170 billion annually. □

EACC Member Chambers

The Belgian American Chamber of Commerce in the United States, Inc.
The British-American Chamber of Commerce
Danish-American Chamber of Commerce
French-American Chamber of Commerce in the United States, Inc.
German American Chamber of Commerce Inc.
Hellenic-American Chamber of Commerce
Ireland Chamber of Commerce in the United States, Inc.
Italy-America Chamber of Commerce Inc.
Luxembourg Board of Economic Development
Portugal-U.S. Chamber of Commerce, Inc.
Spain-U.S. Chamber of Commerce, Inc.

PEOPLE AT THE CHAMBER

New Faces at the Chamber

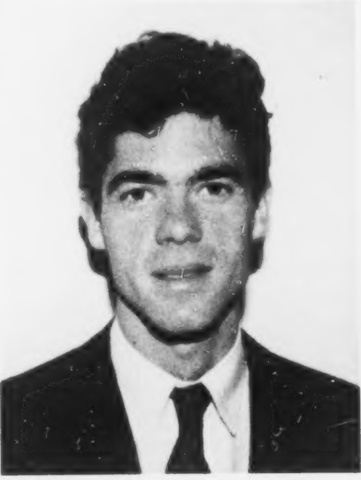
Alexander R. Robarts recently joined the Chamber's staff as Editor-in-Chief of *The Business Link* magazine and Manager of the "Link Letter." In May, 1990 he completed a masters degree in International Business from Columbia University, New York. Last summer Mr. Robarts was selected to participate in the U.S. Department of Commerce Summer Marketing Internship Program at the U.S. Consulate in Barcelona. He researched and drafted a market survey report for U.S. companies investing in and exporting to Spain. In 1987 he graduated cum laude from Drew University, Madison, New Jersey, with a Bachelor of Arts degree. He majored in political science and French and studied in Paris, France, during his junior year. Mr. Robarts has lived abroad extensively and now resides in Greenwich, CT.

Meg A. Bozzone recently joined the Chamber's staff as the Special Events Coordinator and Managing Editor of *The Business Link* magazine. Last year she completed a masters degree in Spanish Language and Literature from Middlebury College in Middlebury, VT, and Madrid, Spain. Prior to that Ms. Bozzone pursued independent research on dance and folklore in Spain as a Thomas J. Watson Fellow. She produced comprehensive reports on regional festivals and interviewed world-famous flamenco dancers. In 1986 she graduated summa cum laude from St. Lawrence University, Canton, N.Y. with a Bachelor of Arts. She majored in history and Spanish, and studied in Madrid, Spain during her junior year. Ms. Bozzone is a native of Ithaca, N.Y. and resides in Manhattan.

María José Arnaldos recently joined the Chamber's staff as the Assistant to the Business Development Manager. A Dean's List student at New York University's Leonard N. Stern School of Business, in May, 1990 Ms. Arnaldos received a B.S. in Marketing/International Business. She minored in French and completed a summer program in Versailles, France. Ms. Arnaldos is a native of Murcia, Spain, and resides in Staten Island.

Farewell to "Conchita"

María "Conchita" Iglesias leaves the Chamber after over a decade of extremely devoted service. Her attention to detail greatly contributed to the effectiveness of the services provided by the Chamber and her dedication helped to insure the success of our special events. As the Chamber grew in size, and as its goals became increasingly more ambitious, Ms. Iglesias' enthusiasm and hard work proved to be invaluable. She represented an irreplaceable wealth of knowledge and experience and will be sorely missed at the Chamber. Ms. Iglesias returned to her native Spain this past August and plans to work in Madrid. All at the Chamber salute her for her years of superior service and we extend our warmest and most sincere wishes for her continued success.



Alexander Robarts

Meg A. Bozzone

María José Arnaldos

Maria "Conchita" Iglesias

Joan Artigas

Eduardo Araño

PEOPLE AT THE CHAMBER

(CONTINUED)

Chamber Personnel: Update

Joan Artigas, the Business Development Manager, is currently working on preparations for the visit of a Trade Mission from the Cantabria Chamber of Commerce, Industry and Navigation. The mission is scheduled to come to New York and Boston early in October. Members of the mission include Jesús de la Cuevas Pombo, President of the Cantabrian Chamber, Agustín Gutiérrez-Cortines, General Secretary, and approximately 30 representatives from selected companies throughout the Cantabria Region. Mission delegates will represent textiles, agriculture, furniture and other manufacturing and service industries. The event will be the first formal activity organized by the Chamber in conjunction with Cantabria's Chamber of Commerce.

Mr. Artigas holds a graduate degree in Business Administration from the Escuela Superior de Administración de Empresas in Barcelona, and has been with the Chamber since October, 1989.

The Chamber Interns

Four years ago the Spain-U.S. Chamber of Commerce in New York entered into agreement with numerous chambers of commerce, business schools, and companies in Spain whereby Spanish university students or recent graduates would to come to New York as interns at the Chamber. This internship program is designed to give young Spaniards who intend to pursue careers in business the opportunity to work abroad, to learn about activities of the Chamber and familiarize themselves with U.S.-Spain business relations. The program has met with great success and provided our interns with valuable work experience and exposure to the English language and American culture. Below we feature recent Chamber interns.

Eduardo Arañó was a summer intern assisting in responding to commercial inquiries to the Chamber. A native and resident of Barcelona, Mr. Arañó completed a MBA in Business Administration from la Escuela Superior de Administración de Empresas in Barcelona. He has accepted a position at Peat Marwick in Barcelona and will begin working there this fall.

Alejandro Magro was a summer intern at the Chamber, assisting in the preparation of the Chamber's upcoming seminar "Spain Today" and in compiling market studies. A native and resident of Madrid Mr. Magro has completed his third year of study at the Universidad Autónoma de Madrid, where he is major-

(CONTINUED ON NEXT PAGE)

Alejandro Magro

José Manuel Magro

THE CHAMBER INTERNS (CONTINUED)

ing in business management. This fall he will work for PyMaH in Bridgewater, N.J.

José Manuel Magro interned during the summer at the Chamber, assisting in the publication of the "Link Letter" and in the preparation of the Chamber's upcoming seminar. He worked with his cousin Alejandro compiling market studies. Mr. Magro, a native and resident of Madrid, graduated from the Universidad Autónoma de Madrid in June, 1990 with a degree in Economics.

The Chamber's Associates

Jovita Burgaz, the New York City delegate of the Madrid Chamber of Commerce, is currently preparing a research study on the channels of wholesale and retail distribution in the U.S. to be published and sold to Spanish companies interested in exporting to and investing in North America. She assists in the organization of visits to New York by Spanish businesspersons sent on behalf of the Madrid Chamber. Ms. Burgaz has already completed a report on the U.S. footwear market and has been associated with the Chamber since January, 1990.

Sylvia Soto, New York's representative of Madrid's Trade Fair Organization (IFEMA), is currently assisting in the preparation of the promotional campaigns for three trade shows scheduled for early 1991. These include FITUR, the International Tourism Fair, REGALO FAMA, gifts and accessories, and BISUTEX, the Costume Jewelry Fair. She provides assistance to U.S. companies interested in attending or participating in the trade shows. Ms. Soto is also working on IFEMA's upcoming newsletter, which highlights their new trade show fairgrounds in Madrid to be opened in early 1991. Ms. Soto has been associated with the Chamber since January, 1990.

For Their Contributions to the Success of the 31st Anniversary Dinner Dance Our Special Thanks to:

Brian C. McK. Henderson
Chairman, Dinner-Dance

City Hall of Madrid
Ayuntamiento de Madrid

City Hall of New York
Ayuntamiento de Nueva York

Alvaro Ureña
Iberia Airlines of Spain

Pilar Vico
Tourist Office of Spain

Javier Romero
Javier Romero Studio

Emery Davis
Emery Davis Orchestra

The Wandering Minstrels
La Tuna

Manuel González
Guitarist

David Thomas

Emil Coccè
Galvanic Printing & Plate

William Spinner
The Pierre

Luis de Lezama
Taberna El Alabardero

Bonnie Hoskins

Door Prizes

Tourist Office of Spain

Wines of Spain

Le Cena Fine Foods

Domecq Importers

City Hall of Madrid

Wines

Freixenet USA

Domecq USA

Codorniu USA

Licor 43

Raffle Prizes

Loewe

Elena Benarroch

Bra USA

Cafe San Martin

Lladró USA

Majorica Jewelry

Grand Prizes

Iberia Airlines of Spain

Occidental Hotels

Flower Arrangements by

Fellan

Photographers

Andrés Palomino

Gerardo Somoza

Above, at the Annual General Meeting of the Chamber, Joaquín de la Infiesta (left) displays a plaque made from the 30th Anniversary issue of The Business Link, which has just been presented to him by Chamber President Ricardo Jové.

CHANGING OF THE GUARD

Commercial Office Bids Farewell to Joaquín de la Infiesta

During his five years of dedicated service as the Commercial Consul in New York's Commercial Office of Spain, Joaquín de la Infiesta guided the Office's 36-person staff through probably the most important period in the history of Spain's economic development. Trained as a lawyer and a native of Madrid, Mr. de la Infiesta came to the Commercial Office in 1985 after leaving the anti-trust division of Spain's Ministry of Economy and Finance.

Under his stewardship, the Commercial Office launched extremely effective promotion campaigns for the "Wines of Spain" section of the Office. Successful campaigns such as those on behalf of Rioja wines and Brandy from Jerez resulted in a dramatic increase in the recognition of Spanish wines in the United States consumer and trade markets. Mr. de la Infiesta will join the Ministry of Economy and Finance in Spain in Madrid as Deputy Director for political/economic affairs with Latin America.

. . . and Welcomes Mariano Muela Pareja

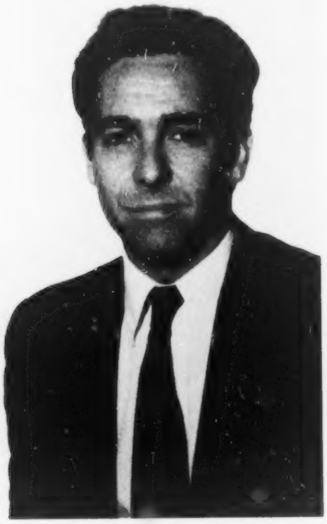
A native of Madrid, Mariano Muela comes to the Commercial Office of Spain from the Institute of Foreign Commerce (ICEX) where he was Director of the Agricultural Food Products Division. He is trained in Business Administration and holds a diploma in Political Sociology from the University of Madrid.

Mr. Muela will lead the Commercial Office's five departments—Fashion, Foods, Wines, Consumer Products and Industrial Products—through the remaining years of European integration and beyond. He will continue to carry out the Commercial Office's mission to increase the promotional activities on behalf of Spanish products in the United States. ☐

INTENTIONAL
BLANK

High-Tech U.S. Companies Discover an Attractive Spanish Market

After the successful trade missions to Spain and Portugal, John Miller, who represented the U.S. Small Business Administration there, describes the experiences and insights of the U.S. delegates.



By John J. Miller

The theme for World Trade Week 1990, celebrated this past May, was "The Columbus Quest: Charting a Course to Discover a New World." Its goal was to increase awareness of the importance of international trade. How appropriate, then, that the U.S. government conducted a small business trade mission to Madrid, Barcelona and Lisbon during that same week.

THE MATCHMAKER PROGRAM: PLANT MODERNIZATION

Seventeen small businesses from across the U.S. participated in the U.S. trade mission, which was part of the Matchmaker Trade Delegation Program. Ten such Matchmakers are organized each year in various parts of the world by the U.S. Department of Commerce and the U.S. Small Business Administration.

The goal of this cost-effective program is to encourage small businesses, typically reluctant exporters, to explore international marketing opportunities. U.S. new-to-export or new-to-market firms travel to U.S. Embassies or Consulates to be "matched" with prescreened agents, distributors, licensees, franchisees or joint venture partners.

The theme for the Spain/Portugal mission was plant modernization. The delegation members were selected on the basis of their "cutting-edge" manufacturing and service technology and their overall success in the U.S. market. The seventeen U.S. participants in this past Matchmaker program had over a total of 300 appointments in Spain and Portugal. The appointments, as well as the in-country briefings and support from local business organizations were arranged by U.S. Department of Commerce staffs in Spain and Portugal.

Delegates included New Tech, a bar code systems manufacturer from Virginia, Optical Communications Associates from Georgia, a communications systems integrator, and Integrated Management Enterprises of New York City which sells human resource management expertise and related computer software. All three will be returning to Spain to negotiate deals.

A NEW BUSINESS APPROACH

Based on our pre-mission market studies and subsequent appointments with representatives of Spanish companies, it became apparent that Spain's economy is in transition. In response to the changes brought about by Spain's integration into the Common Market, many companies in the Spanish business community are shedding old business practices and adopting a "pay-for-performance" mindset.

The Spanish companies we encountered are searching much more aggressively than their European counterparts for new business opportunities and innovations. Rather than finding an economy dominated by multinationals, we found many large corporations to be very receptive to small business inquiries.

Compared with other more developed economies of Europe, we also discovered that Spain offers

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HIGH-TECH U.S. BUSINESSES DISCOVER SPANISH MARKET

(CONTINUED)

more opportunities for U.S. small businesses. An ideal situation is thus created where the demand among Spanish companies for new technology and management know-how is almost in excess of the supply offered by U.S. small businesses seeking opportunities in Europe as Project 1992 progresses.

TIPS TO PENETRATE SPANISH MARKET

In general, small businesses in Spain should be aware that they can usually purchase their products at lower sales margins with small firms than with large companies. This is particularly important in the high-tech fields where products become obsolete quickly.

Integrated Management Enterprises (IMEL), one of the U.S. mission delegates, is currently negotiating a deal with Cegoa, a Spain-based multinational, to sell human resource management know-how and related software. According to Frank Bacchus, president of IMEL, his product "solidifies pay-for-performance management".

Bacchus points out that throughout the negotiation period, "Spanish companies liked the idea that they will be speaking with the same representative of a U.S. company. This would not be the case in a large corporation with a high turnover in personnel."

Bacchus also recommends that U.S. companies secure representation in Spain. "They [Spanish companies] know the market better and can cut through the red tape," he says and cautions companies to, "be prepared to negotiate with a representative in Spain who may be selling competing products." In contrast, a U.S. representative typically sells only complementary products. ☐

JOHN MILLER is the Regional Director for International Trade in the U.S. Small Business Administration's New York City office. He is responsible for promoting small business trade from New York, New Jersey, Puerto Rico and the U.S. Virgin Islands.

THE NEXT MATCHMAKER TRADE MISSION

American and Spanish companies should note that the next Matchmaker trade mission in Spain will take place in Barcelona in October, 1990. The theme will be pleasure boats and marine accessories. In Spring, 1991, Madrid and Barcelona will host a sporting goods and sporting apparel Matchmaker mission. For further information contact the U.S. Small Business Administration or the nearest district office of the U.S. Foreign and Commercial Service.

Funcionamiento del mercado de futuros sobre el indice de la Bolsa en los EE.UU.

El propósito del siguiente artículo es introducir al lector en el funcionamiento del mercado de futuros sobre el indice de la Bolsa en los EE.UU. aprovechando la introducción y desarrollo de este tipo de activos financieros en el mercado europeo.

By Rene de la Vega

Los futuros sobre el índice de la Bolsa en los EE.UU. son un instrumento financiero de solo ocho años de edad, que se ha convertido en uno de los más atractivos del escenario financiero actual. Estos, forman parte de la revolución de activos financieros que comenzó durante los años setenta y que transformó el mercado de futuros americano que anteriormente estaba basado en contratos para materias primas.

Así pues, los nuevos mercados de futuros que han empezado a funcionar en Europa tales como MEFFSA en Barcelona, crearon contratos sobre algún instrumento financiero como producto principal en vez de basarse en materias primas.

El futuro sobre el índice de la Bolsa recompensa por pérdidas sufridas en inversiones en Bolsa. Este riesgo se divide en el riesgo sistemático (representado en el índice general) y el riesgo no sistemático.

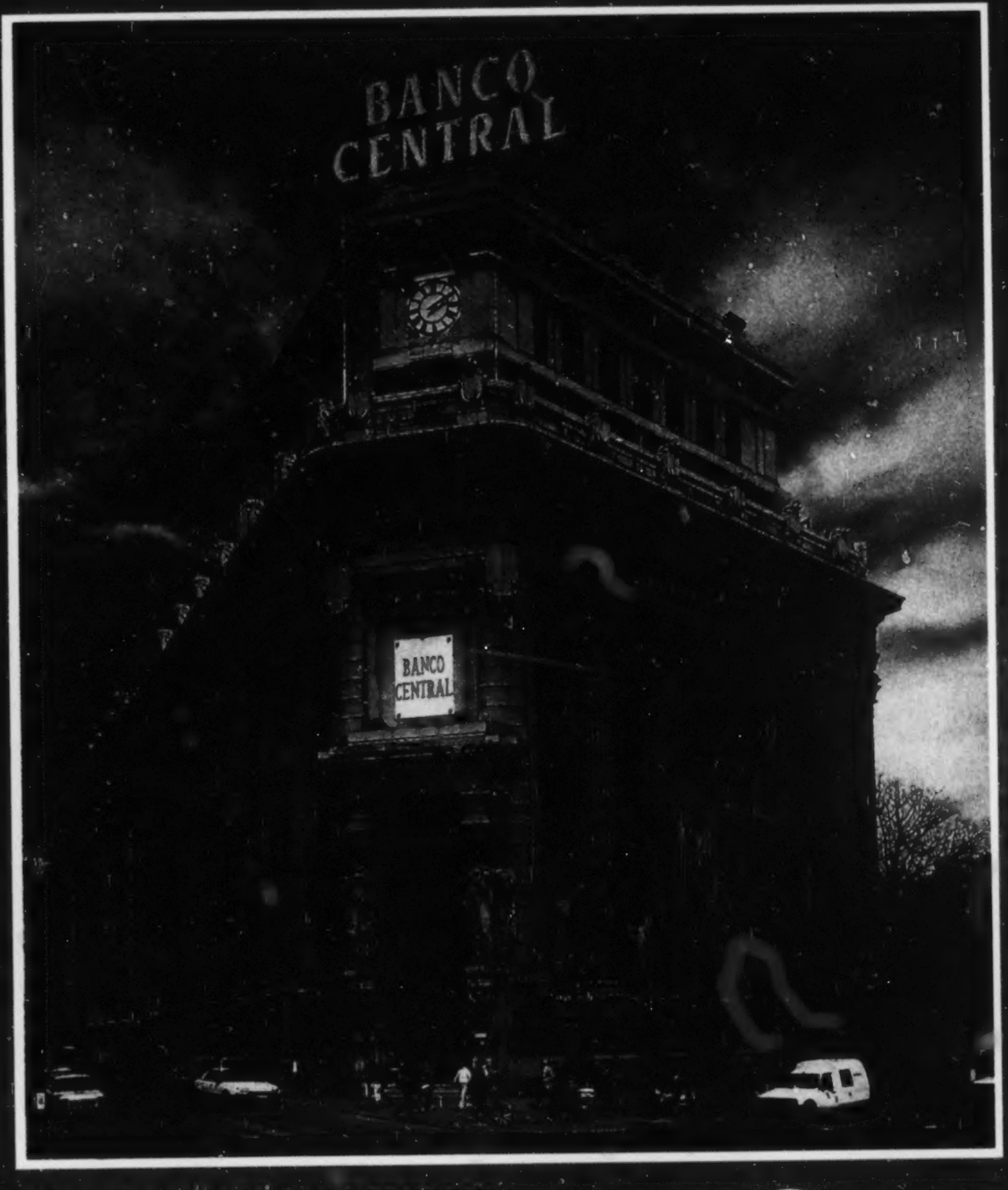
A la hora de calcular el número preciso de contratos a realizar, el inversor debe considerar el valor modificado de la cartera, es decir, el valor actual multiplicado por el factor ß o grado en que un valor sigue los movimientos del mercado. Así pues, una ß de 1.0 significa que el valor se moverá al mismo ritmo que el mercado. Una ß de 1.5 significaría que los movimientos del valor son 0.5 veces mayores a los movimientos del mercado, y una ß de 0.7 representaría una evolución del valor más moderada a la del mercado.

Es importante tener en cuenta la diferencia entre el precio de los futuros y el valor que representan. Esta diferencia representa además de factores de mercado, un coste de oportunidad o coste de mantener la posesión de los valores actuales. Este coste sería 0 una vez el contrato expirase.

En definitiva, podemos decir que a través del mercado de futuros un inversor tiene la posibilidad de reducir el riesgo de mantener una cartera de valores en Bolsa. ☐

RENE DE LA VEGA is a member of *The Business Link* editorial staff.

Our Service Won't Fall Short Of Your Expectations.



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Join Forces and Conquer: "Foods from Spain's" Successful Marketing Strategy

In an effort to establish a brand-oriented market for Spanish products in the U.S., the marketing organization Foods from Spain works together with product groups of Spanish companies on collective promotional and advertising campaigns.

By Meg A. Bozzone

Traditionally many Spanish food products have been selling in the U.S. market under private labels. Supermarket chains such as Food Emporium and A&P have bought products as varied as olive oil and artichoke hearts from Spain and sold them under their own labels. In turn, the American consumer has not identified these products as "Spanish." Also, many of these products have been bought primarily by Hispanic consumers in the U.S. and do not reach the mainstream consumer.

OBJECTIVES OF FOODS FROM SPAIN

The non-profit marketing organization Foods from Spain, created in 1986 by the Spanish governmental Instituto de Comercio Exterior (ICEX), seeks to change this situation by introducing Spanish brand name products into the mainstream U.S. market. Once these brand name products are promoted in the U.S., it is expected that they will establish a stronger position in the marketplace, because of their strong quality/price correlation. As a result the volume of Spain-U.S. trade will increase considerably. Nevertheless, Spain is currently selling over $400 million of food products a year to this market.

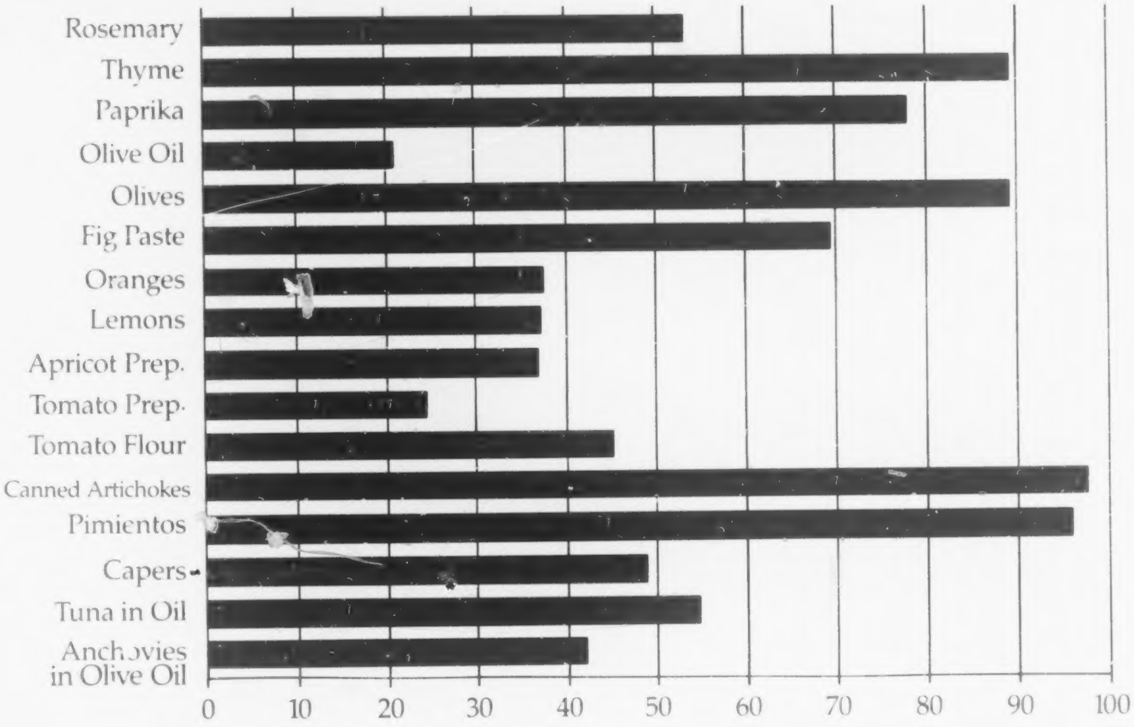
To achieve this goal, Foods from Spain, which has been functioning effectively as a liason between Spanish companies and the American trade and consumer, employs an inventive marketing strategy. Competing Spanish brands are joined together against common "other country" competitors in collective public relations and advertising campaigns designed to familiarize the American consumer with Spanish brand name products. It is hoped that this will insure a stronger market position for these companies in the future.

Foods from Spain stresses to Spanish corporations the importance of foregoing low short-term profits in order to secure large medium to long-term benefits. Working with limited financial resources, Foods from Spain has concentrated its efforts on specific prioritized markets and food product sectors.

Jaime Erasun, Director of Foods from Spain, noted that in the U.S. market, products from the United Kingdom, Germany, France, and Italy are not only associated with their respective countries, but also are and for many years have been identified by their brand names. If Spanish products are to be competitive in the U.S. brand oriented marketplace, they must achieve this

"Food from Spain's" marketing team.

Spain's % Share of Total U.S. Imports in Key Categories



same national brand association. Mr. Erasun is convinced that Spanish products represent an attractive business opportunity for American stores and food chains because of their strong price/quality relationship. Likewise, with its 260 million consumers, the U.S. market represents a great opportunity for Spanish food exporters.

While the U.S. market can be a great challenge, it can also prove to be risky because of its tremendous size and scope. Before Foods from Spain implemented its marketing strategies for Spanish food products in the U.S., it advised Spanish companies that the U.S. marketplace is not one but many markets, each with varied regional and demographic characteristics.

Foods from Spain claims that the only way Spanish food products will sell in the U.S. marketplace is if they have a continual presence there. This requires heavy financial investments in public relations and advertising. Based on these two factors, Foods from Spain developed a strategic plan to prioritize markets.

FOODS FROM SPAIN'S PRIORITY MARKETS

The current strategy is to increase awareness of Spanish products and to sell them increasingly by their brand names to the mainstream American consumer. In 1986 Foods from Spain initiated its Spanish marketing plan by focusing its promotional campaigns on the East Coast of the United States from Massachusetts to Florida.

The plan also seeks to target the West Coast, where Spanish products have had much less presence than on the East Coast. Such secondary markets as the Chicago and Texas areas are being explored by Foods from Spain to the extent that their budget permits.

THE OLIVE OIL SECTOR'S "UNITED FRONT" CAMPAIGN: THE SHOWCASE EXAMPLE

Under the coordination of Foods from Spain, the olive oil sector recently pioneered a "united front" advertising strategy whose example Foods from Spain hopes will be followed by other sectors. This strategy called for competing Spanish olive oil companies to unite in a single public relations and advertising campaign. Rather than compete against each other in the U.S. market, six companies which are members of the association ASOLIVA, la Associación de Exportadores de Aceite de Oliva, joined together in a "united front" to compete against the Italian companies.

Although Spain is the leader in olive oil exportation, presently the U.S. market is dominated by Italy (which, surprisingly, imports Spanish olive oil). Currently the U.S. imports only slightly over 20% of its

(CONTINUED ON NEXT PAGE)

"FOODS FROM SPAIN"
(CONTINUED

olive oil from Spain as opposed to 75% from Italy. The Italians, who have long seen the U.S. market as lucrative, have sold under brand names for years and have invested substantially in marketing.

Until recently Spanish companies sold primarily in Florida and other areas of the country. Currently, under the guidance of Foods from Spain, ASOLIVA is advertising six brands jointly in an effort to establish a stronger position for Spanish olive oil in the American marketplace.

Due to its particularly high annual growth rate of 20%, the American olive oil market is a major opportunity for Spanish companies. For instance, this year ASOLIVA has been achieving consistent positive results with a $2 million investment in its "united front" advertising campaign. This is notable considering that the Italian brand Bertolli invested $12 million.

Mr. Erasun attributes ASOLIVA's success in the U.S. market to effective team work. He hopes that their example will encourage other Spanish associations in the food industry to implement this "united front" marketing strategy.

The year 1992 represents a great opportunity as well as a great challenge for Foods from Spain. With the Olympic Games and World's Fair scheduled to be held in Spain in 1992, awareness of Spain's products will increase and heightened media coverage will occur. Spain will capitalize on the interest generated in 1992. Clearly this momentum will help to promote Spanish products in the U.S. market, particularly since Spain already is the country's second largest supplier of food products among EC countries. ☐

Foods from Spain expects to continue to work with groups of Spanish companies to implement their inventive "united front" marketing campaign. For further information contact the Foods from Spain offices at (212) 661-4959 or (212) 661-2787.

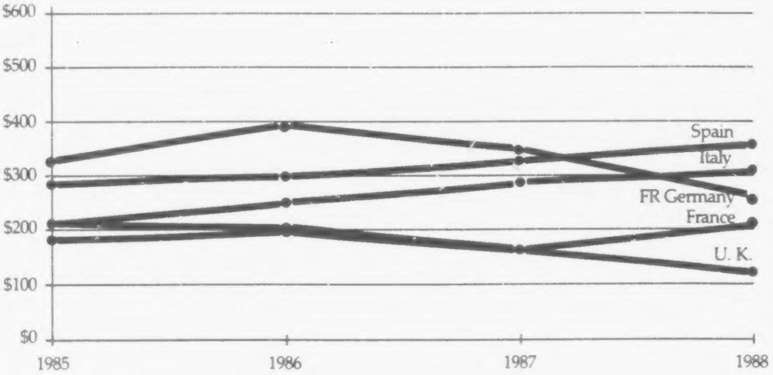
MEG A. BOZZONE is Managing Editor of *The Business Link.*

Spain has attained a Significant market share in the following

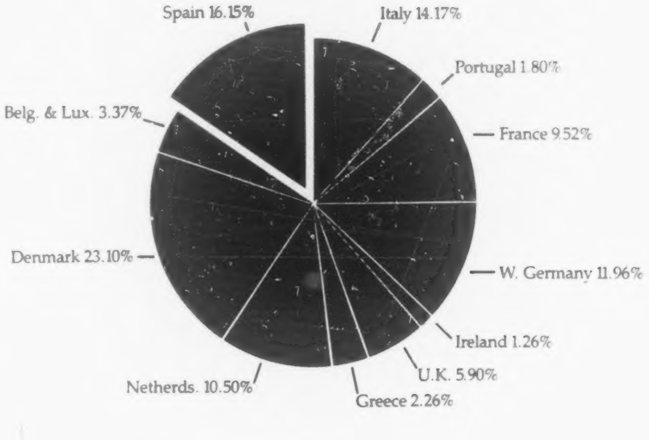
PRODUCT	IMPORT SHARE
• Fish Canned:	
Anchovies	41.49%
Tuna in Oil	53.46%
• Vegetables:	
Capers canned	48.43%
Pimientos canned	95.66%
Artichokes canned	97.05%
Tomato Flour	44.87%
Tomato Preparations	24.35%

PRODUCT	IMPORT SHARE
• Fruits:	
Apricots Prep. Preserved	35.64%
Lemons fresh	36.29%
Oranges canned	36.81%
Fig Paste	69.75%
Olives canned	88.81%
• Oil:	
Olive Oil	20.66%
• Spices:	
Paprika	77.73%
Thyme	89.27%
Rosemary	53.01%

U.S. Imports from major EEC Countries 1985-88



Of all EEC Countries, Spain is now the second largest supplier of food products to the U.S.



FOODS FROM SPAIN MARKETING ACTIVITIES

Information:

- Spain's Food Industry Opportunities for the American Trade
- American Food Business Opportunities for Exporters from Spain
- Trade & Consumer Literature
- Gastronomic Information for the Press

Analysis and Market Research

Trade Shows

- Participation in the Most Important Shows for Gourmet Products

Product Testing

- For Consumers
- For the Trade
- For the Press

Advertising & Public Relations Campaign

In-Store Promotions

Promotional Tours

- American Press to Spain
- American Importers to Spain

Culinary Events

- Culinary Weeks
- Cuisine Courses

foods from Spain

OLIVE OIL FROM
Spain

SPANISH LISTINGS ON

Banco Bilbao Vizcaya

Exchange: NYSE Symbol: BBV

ADR Share Price Results ($)
2nd Quarter 1990

High	36.75
Low	28.25
Close (6/29)	33.75

Net profit after taxes for Banco Bilbao Vizcaya (BBV) Group in the first half of 1990 was Ptas 48,775 million, an increase of 12.9% over the same period of last year. Return on assets was 1.24% and earnings per share were Ptas 200.7, an increase of 18.3%. A first interim dividend for the year of Ptas 36 gross per share was paid on July 10, 1990.

BBV's financial margin grew by 0.9% compared with last year because of balance sheet restructuring which reflected both the move of Banca Catalana to compulsory capital ratios and the transferral of deposits out of Primas Unicas and Cesión de Prestamos after a ruling from the monetary authorities.

The financial margin was also affected by higher interest rates on customer deposits, although most of the cost was offset by higher income in fees and commissions. Nevertheless, market share of customer deposits between February and June increased by Ptas 480,000 million.

Consolidated assets at the end of the 1st half 1990 totalled Ptas 8.1 trillion, which makes the BBV Group the largest Spanish financial holding company.

Banco Central

Exchange: NYSE Symbol: BCM

ADR Share Price Results ($)
2nd Quarter 1990

High	25.43
Low	18.50
Close (6/29)	24.50

Net income for Banco Central for the first six months of 1990 was Ptas 31,948 million, an increase of 65% over the same period last year. Return on average assets has registered an increase of 57.45% thus far this year.

In 2nd Quarter 1990, Banco Central agreed to guarantee the placement of 11.9 million of its shares owned by Cartera Central. The shares have been allocated to long term institutional investors.

In June 1990, Banco Central entered into a three-year agreement with Union des Assurances de Paris (France) to coordinate insurance and international investment services. As part of the agreement, the French partner acquired a 3% stake in the bank.

Elf Aquitaine, a French petrochemical company, has acquired a 3.4% stake in the bank and entered into a three-year agreement with CEPSA, a subsidiary of Banco Central and the largest private petrochemical company in Spain.

Banco Central is the second largest bank in Spain and ranks 100th in the world.

Banco Santander

Exchange: NYSE Symbol: STD

ADR Share Price Results ($)
2nd Quarter 1990

High	49.75
Low	34.00
Close (6/29)	49.12

The first half of 1990 saw a 21.48% increase in net income to Ptas 35,075 million compared with the same period last year. Return on assets was 1.49%.

Interest-bearing checking accounts, pioneered by Banco Santander and introduced among Spain's banks in September, 1989, increased the cost of customer deposits by 47.34%. As a result, the financial margin was narrowed. This has been partly offset by an increase in fee income.

Customer deposits in pesetas are 72% of the bank's consolidated deposits. They totalled Ptas 2.28 trillion by July, 1990, representing a 42.03% increase over same period last year. From September, 1989 to June 1990, deposits increased by Ptas 686,626.

Miscellaneous income decreased compared with same period in 1989 because of the sale of the bank's head office building in Madrid. The Banco Santander Group's earnings from abroad have registered a 40% increase, signaling an effective diversification of its financial services internationally.

NEW YORK STOCK EXCHANGES

Endesa

Exchange: NYSE Symbol: ELE

ADR Share Price Results ($)
2nd Quarter 1990

High	25.12
Low	19.62
Close (6/30)	25.12

The Endesa Group's consolidated, unaudited results for the first six months of 1990 show net income of Ptas 38.86 billion ($379.26 million) against Ptas 35.31 billion ($344.65 million) reported in June, 1989, an increase of 10.04%.

Revenues during the period were Ptas 282.87 billion ($2.76 billion), up 5.45%, over Ptas 268.25 billion ($2.62 billion) registered last year.

Earnings per common share were Ptas 149.44 ($1.46 per ADR) against Ptas 135.80 ($1.32 per ADR) for the same period in 1989, representing a gain of 10.04%.

Mild weather and a slowdown in economic activity have caused an increase of only 2.6% in Spain's electricity demand for the first six months of 1990. The 1990 annual estimate for demand is 4.0%.

First and second quarter debt reduction, a prime target in Endesa's financial strategy, was Ptas 15.46 billion ($150.94 million), representing 2.2% of total outstanding debt at the beginning of the year.

Telefónica

Exchange: NYSE Symbol: TEF

ADR Share Price Results ($)
2nd Quarter 1990

High	25.75
Low	22.12
Close (6/30)	25.00

Total revenues for the first six months of 1990 showed an increase of 19.7% over the same period. Operating revenue increased 18.6%, reflecting a new tariff structure that took effect on March 21. Net income per share was 45.3 Pesetas in June.

Telefónica's performance improved by 6.4% on the Dow Jones Index during the 2nd Quarter but due to weakness of the dollar, it finished under Madrid's Stock Exchange General Index, which increased by 11.4%.

During the first two quarters of the year, the growth rate in basic service demand, mainly domestic, slowed due to a decline in both line installation requests and overall usage per line.

Capital expenditures in fixed assets over the six-month period increased 46.4% (to Ptas 290,214 million) compared with same period last year. This caused financial expenditures to increase at a faster rate (38.5%) than in previous years.

Telefónica has led a successful consortium bid to gain the rights to manage roughly 50% of the basic telephone services in Argentina. It has also increased its participation in Entel, the Chilean long distance communications company, to 20%, and its share of the domestic line carrier, Compañia de Telefónos de Chile, to 43.7%.

The First Iberian Fund, Inc.

Exchange: ASE Symbol: IBF

	8/17	6/30	5/30
NAV per share ($):	10.85	11.48	10.84
Price per share ($):	9.75	11.12	11.25

Portfolio Composition

Equity Securities	78%
Fixed-Income Securities	17%
Short-Term Investments	5%

Geographical Composition

Spain	94%
Portugal	5%
United States	1%

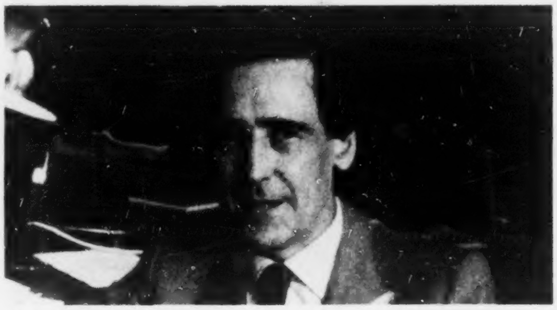
A diversified, closed-end fund with the objective of long-term capital appreciation, the First Iberian Fund provides for a unique investment opportunity that is exploiting the decline in the U.S. dollar relative to the Spanish peseta.

The rally in the Spanish stock market, beginning in April, has recovered much of the losses of first quarter, 1990. However, the Iraqi crisis will offset these gains despite a decrease in inflation to 6.6% and better than expected second quarter 1990 trade figures.

For further information on the Fund, call (212) 214-3334.

NAMES IN THE NEWS

MARIO CONDE was recently named Chairman of Corporación Banesto, a holding company of the non-banking interests of Banco Español de Crédito (Banesto), which are in such key sectors as oil, construction, real estate and telecommunications. Mr. Conde, who is also Chairman of Banesto, states that Corporación Banesto will offer foreign investors 26% of the holding company's capital, out of which 60% will be allocated to international capital markets.



CARLOS FERRER SALAT has just become President of the Union of Confederations of European Industry and Employers (UNICE). The appointment will last until 1992 and covers probably the most important two years of Project 1992. Mr. Salat states that the goal of UNICE is to assure that the process of European integration progresses smoothly and that European companies continue to be competitive.

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The drink's usually sherry. But it can be anything. It's the *tapas* that make the excitement. A great bar in Madrid could have as many as 70. Even the smallest bar no fewer than five or six. But whatever they serve, it has verve.

Fortunately for *aficionados* here, a *tapas* spread as varied as any in Spain is as close as your Goya Section. Look at our picture: Goya chick peas seasoned & sauteed with onions. Goya mussels, shrimps & capers marinated in Goya wine vinegar & extra virgin Spanish olive oil. Goya pimientos & garlic drizzled with that classic oil. Cider-poached Goya *chorizos* & apples. And Goya *empanadillas*, little spicy meat-filled turnovers (frozen, ready to heat). And Goya's wonderful giant scalloped crackers.

Goya has all kinds of makings for *tapas*, from great green olives & tuna & artichoke hearts to octopus & codfish fritter mix. Explore them. And next time it's your place for drinks, you can introduce *tapas*. By you. And by Goya. Oh Boy-a!

GOYA
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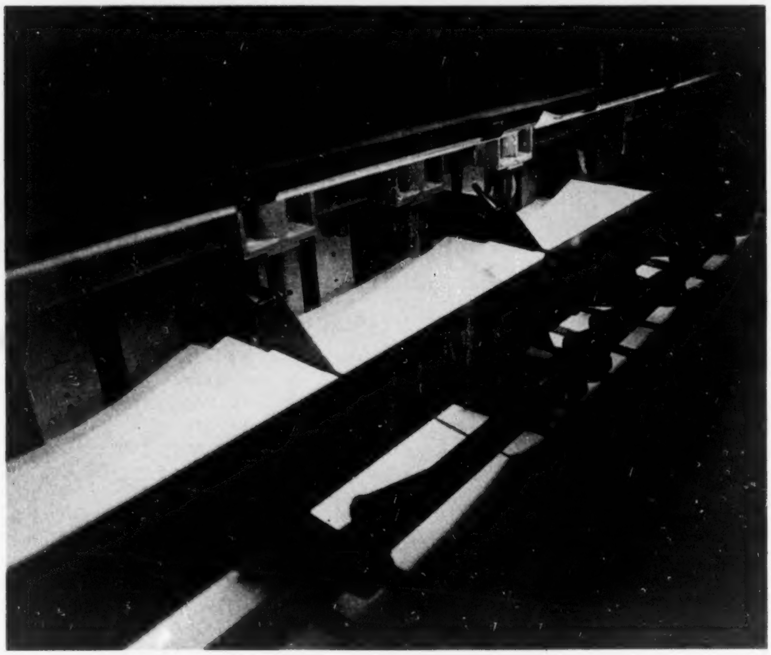
GOYA
GOYA
MUSSELS
MEJILLONES
GOYA
GOYA

Meet them at the Goya Section. Invite them over for drinks.

Want more Tapas ideas? Send stamped self-addressed envelope to Goya, Tapas, Secaucus NJ 07094



Spain's Paper Companies: Can They Compete Globally?

"For those Spanish companies that act quickly and form joint ventures and strategic alliances with domestic or foreign partners, or maintain niche positions, a bright future may lie ahead."

By David Fredericks and Blake Davies

WHILE SPAIN'S paper companies operate competitively in their home market and command a strong domestic distribution network, low levels of investment in capital equipment threaten to make them vulnerable to large, forest products multinational companies. With European integration rapidly progressing, Spain's once protected paper market will soon face a global market where the players have greater financial resources as well as advanced technological production and management expertise. In response, paper manufacturers in Spain must become more competitive at the production level, and, they must proceed with a determination and willingness to accept change—otherwise changes will be forced upon them.

AGGRESSIVE INTERNATIONAL PLAYERS

At a recent conference in London, Hans de Korver, Vice President of KNP and President of the European Confederation of Paper, Board and Pulp Industries, predicted that within the next ten years, no more than than ten paper conglomerates, each with an average turnover in excess of ECU 5 billion, will exist in Europe. But how many of these companies will be of European origin?

Based on current trends, the answer may be few. Some non-European companies are already positioning themselves in Europe for the 1990's and beyond. Multinationals such as International Paper (USA), Stora (Sweden) and Kymmene (Finland) among others, have aggressive acquisition plans and are devouring their European competitors at breath-taking speed.

American paper companies, which dominate the global market, as well as Scandinavian groups, are entering Europe primarily through acquisitions. In 1989, International Paper acquired Aussedat Rey Corporation in France, and earlier this year, Stora, one of Sweden's leading forest products companies, acquired Germany's Feldmulhle Nobel. More recently, Svenska Cellulosa, a paper mill in Sweden, purchased Reedpack in the United Kingdom.

The trend of taking market share through acquisition is also taking place in the United States and Scandanavia. Earlier this year, Georgia-Pacific successfully consummated a hostile takeover of Great Northern Nekoosa. Also, United Paper Mills recently joined forces with its Finnish competitor Rauma-Repola.

Until now, multinational paper companies' expansion plans have targeted northern Europe. But, as the "paper pie" reshapes, more companies will begin focusing on opportunities in the promising growth markets of eastern and southern Europe. It is clear that considerable uncertainties remain about the shape and structure of the new markets in eastern Europe. However, southern Europe has already attracted the attention of the large international forest products companies.

SPANISH COMPANIES ARE VULNERABLE

Spain's paper industry traditionally has functioned as a domestic business. The biggest players are Sarrio and Torraspapel, with sales of $450 million and $549 million respectively. While these companies and others have adequately met Spain's internal demand for paper products consumption, currently at 100 kilograms per capita, the level is well below the average consumption rate in the major markets. For example, the Common Market consumes an average of 150 kgs per capita and the United States and Sweden both average over 300 kgs per capita.

This low consumption level, coupled with a domestic market focus, have resulted in capital equipment investment levels by Spanish paper companies that do not meet the demands of the European and global markets. Consequently, in an industry where fixed costs stemming mainly from equipment can reach $500 million, the lack of sufficient capital investment has caused Spain's paper companies to fall behind in manufacturing technology. This has increased the vulnerability of Spain's paper companies to foreign competitors.

Even the large paper companies in Spain are having difficulty competing on a European scale. This is exemplified by Torraspapel, the large paper manufacturing and distribution operation of Grupo Torras, which is controlled by the Kuwaiti Investment Office. After several attempts to expand its paper activities, including an unsuccessful bid for Aussedat Rey of France, Torras has decided to sell its paper operations. Many analysts believe that a multinational forest products company will emerge as the buyer.

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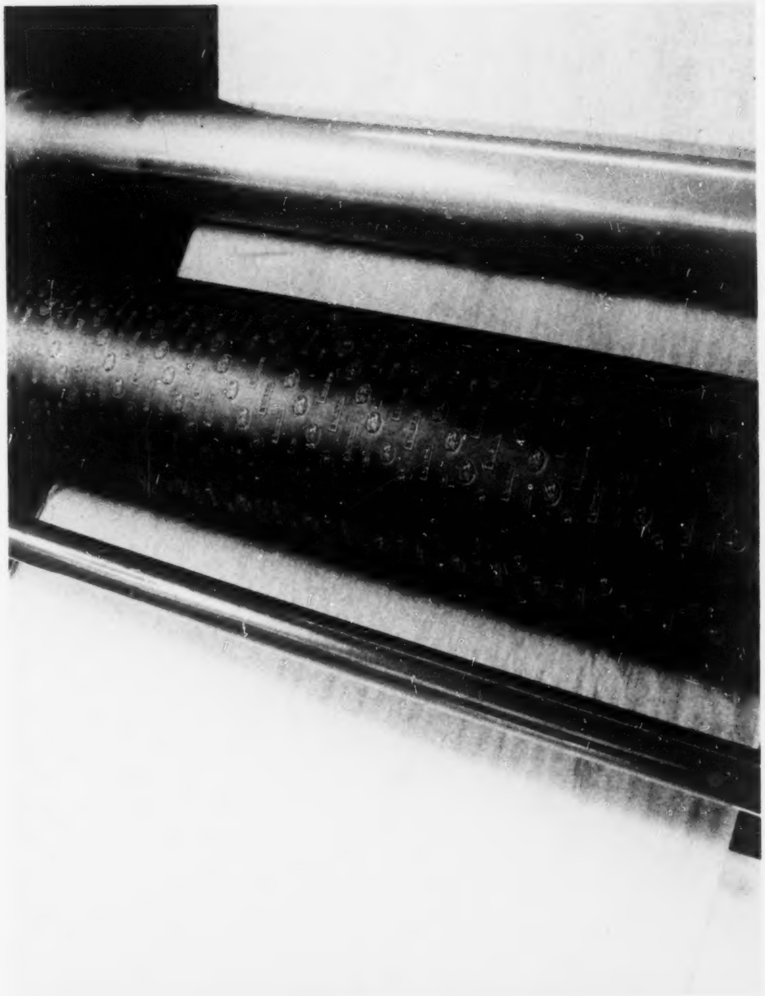

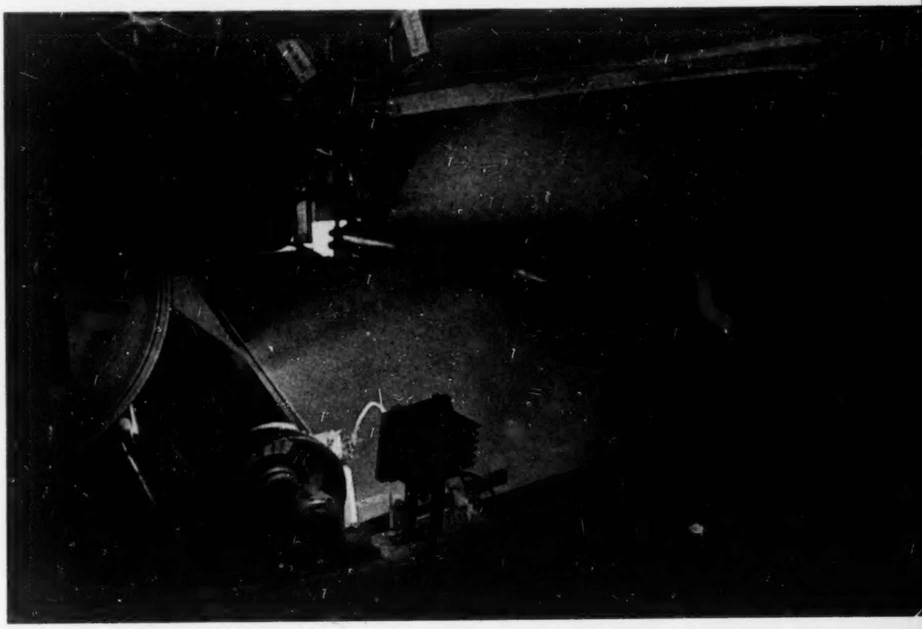

SPAIN'S PAPER COMPANIES

(CONTINUED)

In contrast, Sarrio has implemented a corporate strategy that has enabled it to compete effectively on a global scale. In May 1989, Sarrio merged with Cartiere Saffa, an Italian industrial paper manufacturer. The transaction results in a more than 100% increase in sales to approximately $900 million. To increase its productivity and make up for its technological "deficit", Sarrio has licensed technology from foreign companies. Also, Sarrio's production capacity will expand dramatically with its plans to install new pulp-processing and other manufacturing equipment.

TORRAS PAPEL

SARRIÓ, S.A.

Torraspapel and Sarrio are Spain's largest paper companies.

For those Spanish companies that act quickly and form joint ventures and strategic alliances with domestic or foreign partners, or maintain niche positions, a bright future may lie ahead. For those companies that wait, selling out to foreign competition will be the most likely outcome over the medium and long terms. After all, such factors as availability of raw materials, low labor costs relative to western European standards, and the fastest growing economy in the Common Market are very attractive reasons for a multinational paper products company to operate in Spain. ☐

BLAKE DAVIES and DAVID FREDERICKS are principals of Fredericks Michael & Co., a New York City merchant banking firm which advises multinational corporations and private families on the paper and forest products industry in Scandanavia, Europe and North and South America.

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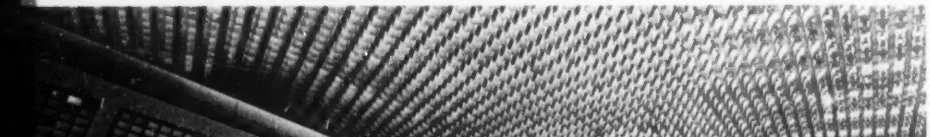
The Electricity Sector in Spain: Setting the Stage For a New Decade

After a decade of significant restructuring and high leverage, the Spanish electricity sector has begun the 1990's by generating positive free cash flow. To get out of its deficit position and to sustain new growth as well as efficiency, continued government control and, eventually, increased coordination among EC national electricity systems seem likely. The following Research Associates report identifies the key issues and trends faced by the up-and-coming Spanish electric utility companies.



Control room at Endesa's Ascó Nuclear Power Station

By: Research Associates, Madrid

SECTOR CHARACTERISTICS

The Spanish electric utility sector is currently comprised of public and privately-owned companies involved in the production, distribution and sale of electricity. The aggregate assets of the twelve most important companies in the sector add up to $75 billion. They have a tangible net worth of $25 billion and their total liabilities equal $47.4 billion.

The sector is highly capital intensive and presently in a deficit position. Overhead costs are a marginal part of total costs, making it risky, even from a theoretical point of view, to talk of economies of scale by virtue of creating larger companies. Furthermore, the scope for reducing the workforce is limited.

On the public side, Endesa (Empresa Nacional de Electricidad), which is owned by Grupo Endesa, is the largest domestic producer of electricity and is responsible for 33% of Spain's total electricity production. It ranks sixth when compared to its European Community counterparts.

Measured by size and sales, the private utilities are led by Hidroeléctrica Española and Iberduero. Unión Eléctrica Fenosa, Sevillana de Electricidad, Fecsa and Hidrocantábrico follow.

A special feature of this sector is a complex system of compensations which allows the companies to offer a uniform final price of electricity to the public even though their cost of power generation differs. This results in a major flow of funds, controlled by the government, from low-cost production companies to less efficient ones.

CURRENT TRENDS: GOVERNMENT INTERVENTION

The role of the government in the sector is significant, and seems to be increasing by virtue of Endesa's holdings. For example, in September 1989, Endesa's increasing control of Sevillana de Electricidad became obvious following massive equity share purchases. It now has a 9.5% stake in Sevillana.

COMPARATIVE DATA

Ptas Million	1989	12/31/89	12/31/89	12/31/89
	Sales	Liabilities	Assets	T.N. Worth
Endesa	353,709	699,895	1,051,254	350,929
Hidrola	285,065	958,584	1,487,136	425,592
Iberduero	273,261	773,568	1,348,752	544,619
Unión Fenosa	249,822	704,773	1,032,764	272,232
Sevillana	192,711	473,114	738,913	241,947
Fecsa	172,194	521,987	768,514	193,597
Enher	97,094	125,011	263,306	138,295
Hidrocantábrico	76,738	114,225	202,913	88,298
Reunidas de Zaragoza	41,500	26,834	63,217	36,199
Hidruña	45,091	81,653	150,513	57,188
Electra de Viesgo	37,106	53,339	112,549	57,373
Gesa	35,506	17,626	62,394	44,768
Total	1,859,797	4,550,609	7,282,225	2,424,037

Source: *Research Associates*

The government's presence in the sector continues to subsidize such industries as coal and other strategic sectors of the economy. The financing of this subsidization stems mainly from a flexible tariff system that, while competitive when compared to the European average, generates approximately $1.8 billion a year.

Also, since December 1987, annual tariff increases have occurred more or less automatically through a "formula" that monitors fixed and variable production costs, the standard values of production and distribution installations and the rate of return necessary to depreciate these investments. The rational for government intervention is that it allows for greater stability and planning capacity within the sector.

An increasing political dimension to the sector is evidenced by Spain's national energy policy. The sector will be affected by the outcome of negotiations on the new National Energy Plan which will be approved later this year.

INFLUENCE FROM BRUSSELS

The Single Market for energy envisioned by Project 1992 will be based on the establishment of a coordinated system, linking all EC electric utility companies. This makes it highly unlikely that the single market will impose a totally liberal regime on the distribution of electricity.

In theory, the result of completely free competition would involve utilities being free to produce (or buy and resell) electricity without restraint. They would also be free to apply different tariffs according to their production and/or purchase costs.

The nature of the Spanish electric utility sector and of the domestic market for electricity suggest that the free-competition plan would be difficult to sell. A free electricity market wouldn't be politically acceptable because tariffs in Andalucia, for example, could be 30% higher than in Catalonia.

Also, there are limits to any discussion on the transport of electricity. Indeed, a competitive trade in electricity may be reasonable between two countries with a common border, but it would be much harder to establish long-term policies for supply from countries further away.

The electric utility sector in Spain is in a delicate phase of its evolution. Its institutional framework presents certain rigidities that impede the harmonization of interests. The role of the government in the sector is also questionable, as it continues to take precedence over the role of the firm. However, the generation of positive free cash flow this year, in addition to the sector's gains from a stronger peseta vis-a-vis the U.S. dollar, suggest that the worst is over. ☐

We at the Chamber encourage readers to contact Research Associates with further questions about Spanish companies and sectors. Contact: Jaime Mariategui: Calle Prim, 5; 28004 Madrid; telephone: 522-2247.

FINANCIAL HIGHLIGHTS

(Ptas Million)	1986	1987	1988	1989	1990E
Sales	1,376,121	1,475,865	1,628,067	1,859,857	2,008,646
Funds From Operations	71,461	126,566	253,712	310,211	400,000
Total Liabilities	4,635,511	4,635,676	4,590,876	4,550,609	4,250,000
Total Assets	7,100,892	7,189,184	7,251,240	7,282,225	7,250,000
Tangible Net Worth	2,260,388	2,325,094	2,402,712	2,424,037	2,525,000
FFO/Sales	5.2%	8.6%	15.6%	16.7%	19.9%
Financial Leverage	2.05	1.99	1.91	1.88	1.68

Aggregate Data: 12 Surveyed Companies. Source: *Research Associates*

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Banco Atlántico

THE IRAQI CRISIS: BUSINESS AS USUAL?

"The Kuwait Investment Office controls assets worth Ptas 700 billion in Spain. It is no wonder that fears surged in Spain when it was announced that Kuwaiti assets would be frozen."

By David Taff

The outcome of the Iraqi crisis, which began on August 2, will have important economic implications for Spain's economy for two reasons. First, Spain is the most oil-dependent country in the European Community after Italy. Second, the crisis sparked renewed awareness about the importance of Spain's biggest single foreign investor, the Kuwaiti Investment Office (KIO).

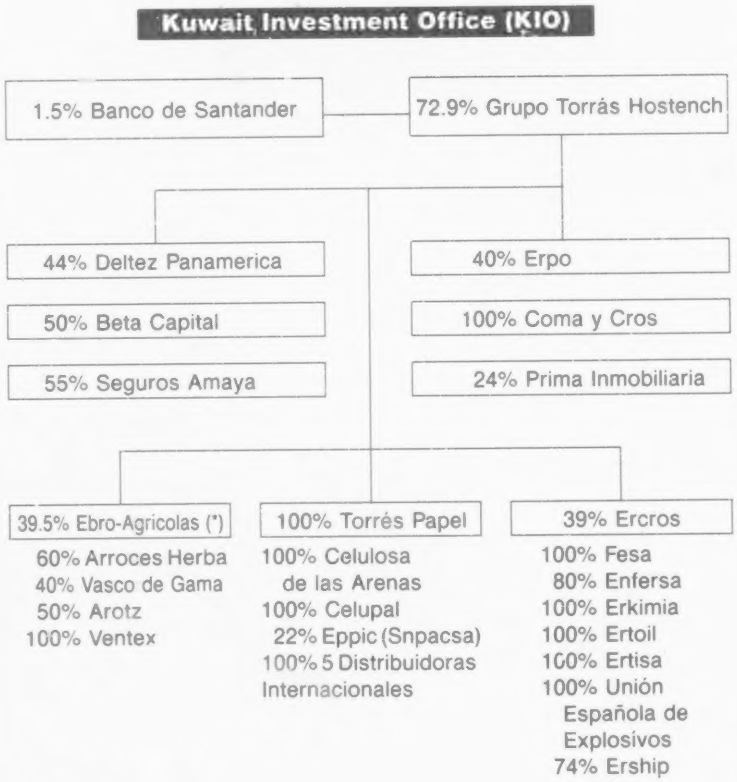
SUFFICIENT OIL RESERVES

With approximately three months of oil reserves, Spain is strategically positioned to weather out this third worldwide oil crisis over the short term. However, it is difficult to predict what lies ahead in the medium and long terms. Prior to the invasion, Spain bought approximately 10.6% of its total annual petroleum needs directly from Iraq through a company called Sirecox. This corresponded to 5,285,000 tons in 1989 compared with the 105,000 tons Spain bought from Kuwait. In terms of volume, this placed Iraq in fourth place after Spain's top oil supplier, Mexico. Nigeria and Iran rank second and third respectively.

Exactly who will fill in for Iraq is not certain until OPEC either redistributes supply quotas or increases production or both. In either case, Spain should have no difficulties securing an alternate source for its oil needs. Mexico is the likely candidate, as it is sending an additional 30,000 barrels daily. Venezuela has guaranteed additional production and hinted at the possibility of signing a long-term supply contract valued at $500 million.

The most obvious effect of the Iraqi crisis is that by increasing oil prices it will undermine the Spanish Government's attempts to control inflation. As part of this strategy, a July 10 ruling freed-up controls on gas prices to enable them to react more accurately to market forces. To prevent a surge in gas prices, the government imposed a set of incremental price ranges. Although the first increases went into effect August 7, Campsa, the state-owned oil refinery, was pressured to keep oil prices within the imposed range.

KIO'S HOLDINGS IN SPAIN


Kuwait Investment Office (KIO)
1.5% Banco de Santander
72.9% Grupo Torrás Hostench
44% Deltez Panamerica
50% Beta Capital
55% Seguros Amaya
40% Erpo
100% Coma y Cros
24% Prima Inmobiliaria
39.5% Ebro-Agricolas (*)
60% Arroces Herba
40% Vasco de Gama
50% Arotz
100% Ventex
100% Torrés Papel
100% Celulosa de las Arenas
100% Celupal
22% Eppic (Snpacsa)
100% 5 Distribuidoras Internacionales
39% Ercros
100% Fesa
80% Enfersa
100% Erkimia
100% Ertoil
100% Ertisa
100% Unión Española de Explosivos
74% Ership

(*) Pending

Source: *Grupo Torrás, El País.*

THE IRAQI CRISIS

(CONTINUED)

KIO IN SPAIN

Operating as a branch of the government-owned Kuwaiti Investment Agency and technically a UK-based institution, the Kuwaiti Investment Office (KIO) controls assets worth Ptas 700 billion ($6.58 billion) in Spain. It is no wonder that fears surged in Spain when it was announced that Kuwaiti assets would be frozen.

At a news conference directly after Saddam Hussein's invasion of Kuwait, KIO's Spanish management declared that their investment operations in Spain would not be hindered. However, the worldwide freeze on Kuwaiti assets would require that most of KIO's outbound financial transactions received prior authorization from Spain's Ministry of the Economy.

> "The Crisis sparked renewed awareness of the importance of Spain's biggest single foreign investor, the KIO."

Nevertheless, fears of an adverse effect on the Spanish economy were allayed when KIO's two-staged attempt to buy out all outstanding share of the Grupo Torras Hostench, the largest industrial conglomerate in Spain, was completed on August 14. To guarantee liquidity for the deal as well their freedom to react to other business operations in Spain, KIO transferred funds into the country from various accounts in Switzerland. The buy out resulted in an increase in KIO's ownership of Grupo Torras' capital from 72.9% to 97.83%.

KIO has significantly diversified its investments in Spain to include interests in foodstuffs, paper, chemicals and real estate, as well as 1.5% of Banco Santander, one of the top six banks in Spain. All KIO investments are made through a company called Koolmees, registered in the Netherlands.

Whatever the outcome of the Iraqi crisis, the one thing that is certain is that business in Spain will not be "as usual". Testimony to this was Madrid stock market index, which, on Monday, August 6, experienced a larger percentage drop than any other stock market index in the world except the New York Stock Exchange. ☐

DAVID TAFF is a member of the editorial staff of *The Business Link*. He is based in Málaga, Spain.

Foreign Investment in Spanish Companies, Branches and Commercial Establishments

BY SECTOR AND AUTONOMOUS REGION • JANUARY - APRIL 1990

In Millions of Pesetas

Source: ICEX

Autonomous Regions	SECTOR										Total
	0	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	
Andalucia	200,54	0,80	951,29	2 792,56	1 265,61	381,74	2 145,42	16,00	17 778,37	1 082,10	26 614,43
Baleares	221,41	—	—	5,04	—	862,50	3 650,74	42,00	3 530,53	158,50	8 470,72
Castilla-La Mancha	30,49	—	100,00	—	1 284,04	—	24,24	—	184,80	—	1 623,57
Unclassified	—	18 862,27	1,52	—	2,50	—	1 042,48	—	14 752,33	41,00	34 702,10
Galicia	1 997,00	—	—	250,16	300,00	—	61,59	—	73,82	—	2 682,57
Euskadi	1,90	—	2,02	3 601,00	2 847 47	—	45,03	389,99	1 313,06	0,50	8 200,97
Castilla y León	—	—	366,33	84,95	543,32	—	713,72	—	377,01	—	2 085,33
Madrid	715,88	250,00	5 418,86	10 758,99	18 094,79	1 424,28	12 188,05	8 039,46	152 835,42	6 023,31	215 749,04
Navarra	—	—	333,33	1 087,41	1 673,95	—	119,50	—	186,00	—	3 400,19
Asturias	0,65	—	48,50	0,50	69,99	—	—	—	—	—	119,64
La Rioja	—	—	—	244,67	—	—	—	—	—	—	244,67
Cantabria	—	—	13,00	6,42	400,00	—	222,50	—	364,00	—	1 005,92
Murcia	215,30	—	700,50	—	119,20	—	61,40	40,50	114,28	—	1 251,18
Valencia	529,35	—	1 326,14	92,77	6 913,59	455,19	703,77	193,87	1 869,86	33,60	12.118,14
Canarias	71,19	—	9,64	2,84	1 138,67	3,48	913,87	20,00	2.552,93	124,36	4 836,98
Extremadura	—	—	—	—	90,01	—	—	—	—	—	90,01
Cataluña	566,44	10,00	55 956,87	13 206,31	29 995,44	1 060,05	12 286,07	556,98	46 497,98	100,31	160 236,45
Aragón	328,99	—	60,00	449,15	3 468,53	12,00	31,50	—	175,19	—	4.525,36
Total	**4.879,14**	**19.123,07**	**65.288,00**	**32.582,77**	**68.207,11**	**4.199,24**	**34.209,88**	**9.298,80**	**242.605,58**	**7.563,68**	**487.957,27**

SECTOR KEY: 0. Agriculture, livestock, hunting, forestry and fishing. 1. Energy and water. 2. Extraction and transformation of minerals not pertaining to energy, and products of the chemical industry. 3. Metalworking industries, precision instruments. 4. Other manufacturing industries. 5. Construction. 6. Commerce, restaurants and hotels. 7. Transport and communications. 8. Financial institutions, insurance, leasing services to businesses, and rentals. 9. Other services.

1992 and Banking Regulations: A New Playing Field for the United States and Europe

"The effort to design new European banking regulations is focusing European attention on the substantial differences between the U.S. view of banking and the view held by Europe and the rest of the world."

By Serge Bellanger

A frontier-free European market as outlined in the Single Europe Act of 1986 has important economic consequences for bankers in both the United States and the European Community (EC). The liberalization of financial services and the opening of capital markets are the first phase of the European economic and monetary union. This process of integration in Europe is estimated to result in increased savings of $200 to $300 billion, or 5% of the EC's gross national product. The economic and financial competition will no doubt be fierce, and the rules of the game on both sides of the Atlantic will have to change as 1992 approaches. Reaching a consensus on the appropriate conceptual framework in which to establish an even playing field in banking has not been an easy task.

THE SECOND BANKING DIRECTIVE

In late 1989, the EC formally adopted its Second Banking Directive, which states that any banking organization that obtained an operating license in one EC country would be permitted to open banking offices throughout the EC as long as it met EC capital and solvency requirements. A bank would be regulated by authorities in whichever EC country licensed it, and it would be free to offer any products and services authorized in its home country and not prohibited by the EC directives—even if such activity was not permissible for banks chartered in the host country.

Although the EC has gone through five drafts of a proposed investment services directive for securities firms, they have all been based on the single banking license principle. The EC country in which a firm was based would be its primary regulator. The same approach is applied to the insurance industry.

NATIONAL TREATMENT VS. RECIPROCITY?

While the principles underpinning the EC view on financial services and banking may seem straightforward, they raise difficult questions for American and European bankers alike. Primary among them is the "national treatment versus reciprocity" debate, which seeks to define the banking regulatory framework.

National treatment has been the basis of U.S. policy. It refers to extending to foreign banks in the U.S. market the same rights extended to domestic banks. *Reciprocity*, as argued traditionally in the first draft of the Second Banking Directive, would mean that U.S. banks in a foreign market would be only allowed to engage in activities permitted to banks from that foreign country in the U.S. market. In essence, national treatment says we will treat your banks the same way *we* treat *our* banks and reciprocity says we will treat your banks the same way *you* treat *our* banks.

THE EC RESPONSE

The EC has been seeking to develop a position that accommodates the views both of those who

(CONTINUED ON NEXT PAGE)

1992 AND BANKING REGULATIONS (continued)

support the idea of demanding reciprocity and those who advocate national treatment. In response to concerns expressed by the U.S. and Japan, the EC revised the Second Banking Directive to emphasize reciprocal national treatment and effective market access.

This new concept, reciprocal treatment, simply says we will treat your banks the same way *you* treat *our* banks if you treat our banks the same way *you* treat *your* banks. A country will thus extend national treatment if the firms of the first country receive national treatment in the other country.

> **"Perhaps in the past nations could have gone their separate ways, but the growth of international banking in the context of 1992 has made the need for a response increasingly critical—and increasingly difficult as well."**

RECONCILIATION POSSIBLE?

The friction between the United States and the EC arises from market access, not market entry. This difference in views grows out of the fact that U.S. restrictions on banking activities and branching are more limiting than those imposed by European regulators. While a bank in Europe will be able to open branches anywhere in Europe after 1992, European banks are limited in where they can open U.S. branches.

The European banks feel that the U.S. is attempting to offer *de jure* market access but not *de facto* market access. Equality of competitive opportunity is not genuine if a group of banks can only compete in a selected portion of a nation's market. However, with the implementation of the reciprocal national treatment principle in Europe, it is clear that the U.S. and the EC share the same desire to seek from others equality of competition and effective market access. It is no accident that U.S. Senator Donald Riegle has proposed a bill, the "Fair Trade in Financial Services Act of 1990", to shift U.S. national treatment policy toward EC objectives and toward reciprocal national treatment.

Americans sometimes forget that the distinction between commercial and investment banking required by the Glass-Steagall Act is significantly different from the pattern of universal banking found in most of the world. U.S. bankers and policy makers have been struggling with the contrast between U.S. and foreign views of universal banking for years. Perhaps in the past nations could have gone their separate ways, but the growth of international banking in the context of 1992 has made the need for a response increasingly critical. And increasingly difficult as well.

A NEW MAP IN EUROPE

For banks in Europe and in the United States, there are four strategic alternatives: 1) to build a continental bank which operates throughout Europe or the U.S.; 2) to build a regional or super-regional bank; 3) to focus on a broad geographic area but only in selected market niches; and 4) to build a strong position in a local market through consolidation.

In the European context, where banking markets are well-developed, entering a new market *de novo* would probably require a lengthy period before a new competitor could achieve significant market share. There are already 20% more bank branches per capita in the EC than in the U.S. This has caused of attention to be focused on mergers and acquisitions despite limits imposed by regulators.

While there were many who predicted that European banks would enter into major cross-border mergers and create pan-European banks, it has not happened. The major cross-border connections have been in the form of cross-shareholdings combined with agreements to work together. Commerzbank of West Germany and Banco Hispano Americano of Spain, for example, have acquired an interest in each other.

For non-European banks, coping with 1992 may be easier because they have been operating in an entity called "Europe" all along. Also, all of the U.S. banks that have an interest in competing in Europe are probably already there. To date, 20 to 25 U.S. banks are directly involved with financial integration in Europe.

OPPORTUNITIES AND CHALLENGES

For banking, as for other industries, 1992 presents important opportunities as well as challenges. The effort to design new European banking regulations is focusing European attention on the substantial differences between the U.S. view of banking and the view held by Europe and the rest of the world.

Europe and the U.S. generally share a commitment to a level playing field. But despite the agreement on broad principles, the U.S. may find that its commitment to the particular patterns of banking within its borders can be maintained only at the cost of both international resentment and damage to the U.S. as a major financial center. The task we all face is creating and implementing rules that meet the realities of international banking and ensure that banks are able to perform their historic task of allocating financial resources as efficiently as possible. □

SERGE BELLANGER is Executive Vice President and General Manager of the New York branch of CIC Union Européene, International et Cie. and U.S. General Representative of CIC Group, one of the leading banking institutions in France. He is President of the European-American Chamber of Commerce, President of the French-American Chamber of Commerce, and a former chairman of the Institute of International Banks.

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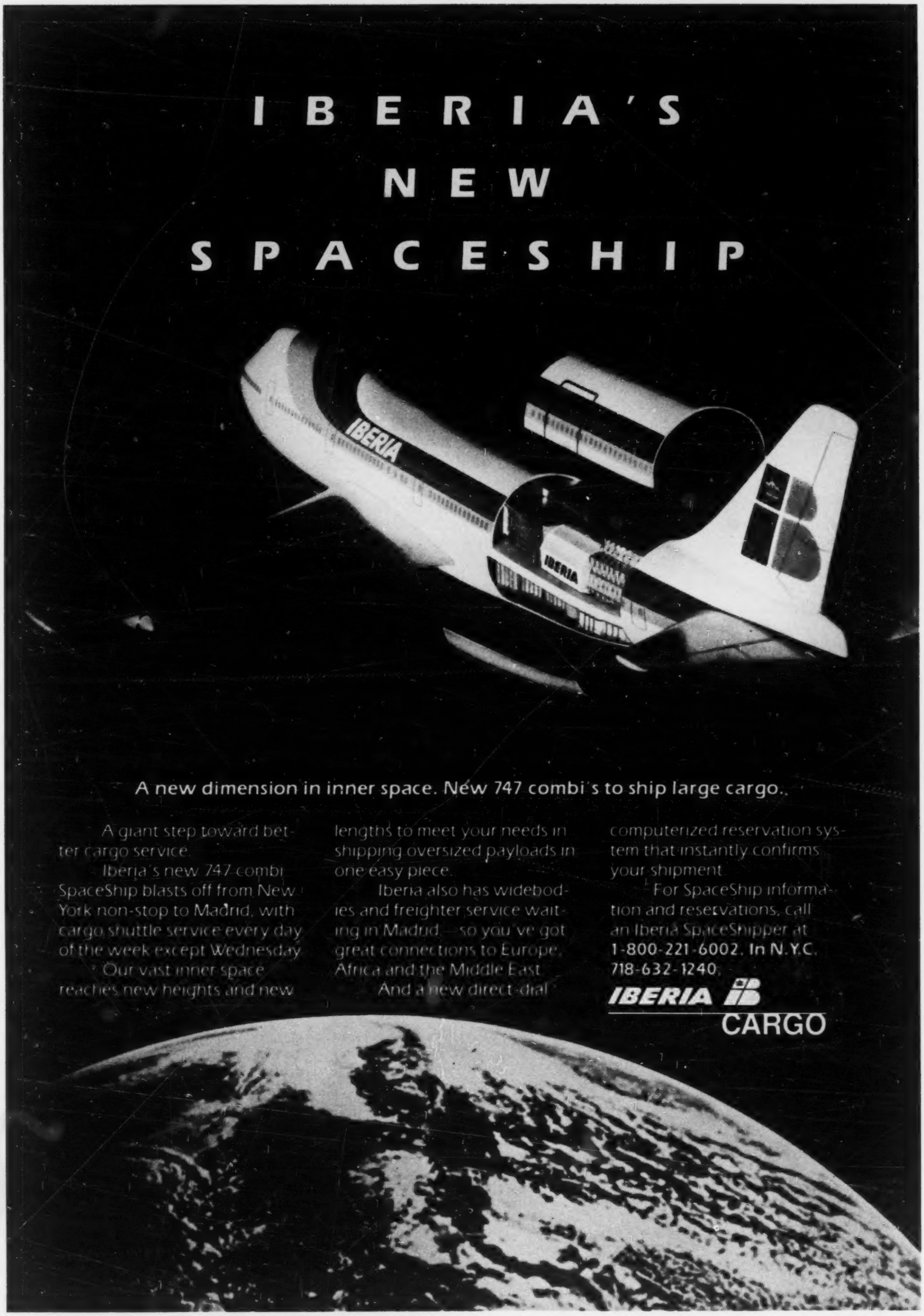

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LEGAL NEWS

The United States-Spain Income Tax Treaty: A Boon for Business

"Overall, the treaty will stimulate trade and investment between Spain and the U.S. by reducing the risk of multiple taxation and by providing international businesses with a fair and stable tax environment."

By John C. Jost
Eduardo Perez de Villegas

One of the hazards facing international businesses is dealing with multiple tax systems. However, these businesses can breathe a bit easier now that the United States and Spain have signed their first-ever income tax treaty. The purpose of the treaty is to avoid double taxation and prevent income tax evasion. This article briefly explains the treaty's major provisions.

The treaty, which was signed on February 22, 1990, is currently awaiting ratification by the two countries. It will enter into force upon the exchange of instruments of ratification. The treaty's provisions on dividends, interest and royalties will affect only those amounts paid or credited from the first day of the second month following ratification. As to all other taxes, the treaty goes into effect on the January 1st that follows ratification. (This will most likely be January 1, 1991).

SCOPE

The treaty encompasses an "**person**" (defined to include an individual, a company and any other body of persons) that is a resident of the United States or Spain (referred to as the "**Contracting States**") or both countries. The treaty covers U.S. federal income taxes (excluding social security contributions) and Spain's income tax on individuals and corporations.

Certain other taxes, such as U.S. excise taxes imposed upon private foundations and upon insurance premiums paid to foreign insurers, are also covered. Qualified Spanish companies, however, are exempt from the U.S. personal holding company tax and the U.S. accumulated earnings tax. In addition, the treaty applies to any new taxes that are substantially similar to those named in the treaty.

PERMANENT ESTABLISHMENT

A key concept is the term "**permanent establishment**." The treaty defines it to mean "a fixed place of business through which the business of an enterprise is wholly or partly carried on." Included in this definition are places of management, branches, offices, factories, workshops and places of extraction of natural resources. Also included are certain agents of foreign principals who can legally bind their principals.

Whether an enterprise is deemed to have a permanent establishment is important because the treaty prohibits one Contracting State from taxing the business profits of a resident of another Contracting State unless those profits are attributable to a premanent establishment in the first Contracting State.

For example, the United States cannot tax the business profits of a Spanish company unless the company has a permanent establishment in the United States. Even then, the United States can only tax those business profits attributable to that permanent extablishment.

The business profits to be attributed to a permanent establishment include only profits and losses (and related deductions) derived from the assets or activities of the permanent establishment. Furthermore, no business profits may be attributed to a permanent establishment merely from the purchase of goods or merchandise.

DIVIDENDS, INTEREST AND ROYALTIES

Dividends, interest and royalties arising in either the United States or Spain (referred to as the source country) and received by a resident of the other country. In addition, dividends may also be taxed by the source country, but only at a rate of not more than 15%. This maximum rate is reduced to 10% if the recipient is a company that owns at least 25% of the voting stock of the company paying the dividends.

Interest may also be taxed by the source country, but only at a maximum rate of 10%. Nevertheless, in cases involving (1) interest beneficially owned by the residence country's government, (2) interest paid on long-term loans (five or more years), or (3) interest from the sale on credit of any industrial, commercial or scientific equipment, the treaty bars the source country from levying any tax upon the interest.

Royalties may also be taxed by the source country, and the treaty sets forth maximum rates of 5%, 8% or 10% depending on the kind of royalties at issue. Nonetheless, the provisions regarding royalties, interest and dividends do not apply if the beneficial owner of the royalties, interest or dividends has carried on business through a permanent establishment in the source country and the money is attributable to that permanent establishment. Then the treaty's provisions regarding business profits or independent personal services govern.

INCOME FROM REAL PROPERTY

Income derived by a resident of a contracting State from real proper-

(CONTINUED ON PAGE 46)

"Challenges to the Spanish Economy and Labor Markets—1992 and Beyond"

Conference to be held in Washington, D.C. in Spring 1991

Organized by the University of Maryland's Industrial Relations and Labor Study Center and the Instituto Ortega y Gasset, the conference will explore industrial relations in Spain. It seeks to develop an institutional arrangement in which the main public and private actors can carry out discussions on such strategic issues as the state of the Spanish budget, Spain and the EC, legal systems as they impact on competitive practice, employer/employee relations, taxation policy and evolution of capital markets in Spain. The conference emerges from the continuing efforts of the INMETRA Project.

The Conference consists of formal events, workshops, receptions, and tours of industrial facilities in the Washington, D.C. area. Luncheons and seminars are examples of formal events which include an analysis of the Spanish economy by economist, Professor Andreu Mas Colell of Harvard University and a presentation by Elizabeth Dole, Secretary of Labor of the United States. Ernest Savoie, Vice President for Industrial Relations of Ford Motors and President of the Industrial Relations Research Associates of the United States, will also speak.

The workshops will provide a more concrete forum for exchanges among conference participants. Each workshop will have a chairperson and a designated speaker and will address a wide range of topics, from "New Patterns and Developments in Collective Bargaining Agreements" to "Women in the Workplace" to the "Financial Future of Retirement Funding beyond 2000". These workshops will take place throughout the three days of the event.

The conference will offer both written and oral translation services. Also, both the television and newsprint media from Spain and the United States will be present. The conference is timed so as not to conflict with the bargaining calendar in Spain.

A conference fee will be charged for all participants, although it will be waived or reduced for some in Spain who otherwise would not be able to attend. For further information please contact the Industrial Relations and Labor Study Center at the University of Maryland at (301) 454-5236 or the Instituto Ortega y Gasset in Madrid. ☐

Barcelona Trade Mission to U.S.A. and Canada

This past August, the Chamber of Commerce, Industry and Navigation of Barcelona sponsored a Gifts and Handicrafts trade mission to New York City, Chicago, Toronto and Montreal. The Spain-U.S. Chamber of Commerce provided assistance to the delegation upon its arrival in New York City.

Juan R. Rovira, Executive Director of the mission, declared that the delegates were very satisfied with their appointments with U.S. company representatives. Ms. Helena Bendala, General Manager of Helena Bendala S.A., a mission participant, agreed that the event was very successful. ☐

THE UNITED STATES-SPAIN INCOME TAX TREATY: A BOON FOR BUSINESS

(CONTINUED FROM PAGE 45)

ty situated in the other Contracting State may be taxed by the latter. The treaty deems the term "real property" to have the meaning accorded it by the law of the Contracting State in which it is situated. In addition, the term is deemed to include property accessory to immovable property, livestock, agricultural equipment and certain rights to property and natural resources. The treaty's provision encompasses income derived from the direct use, letting or other use of the real property. Furthermore, the provision also applies to income from immovable property of an enterprise and income from immovable property used for the performance of personal services.

LIMITATION ON BENEFITS

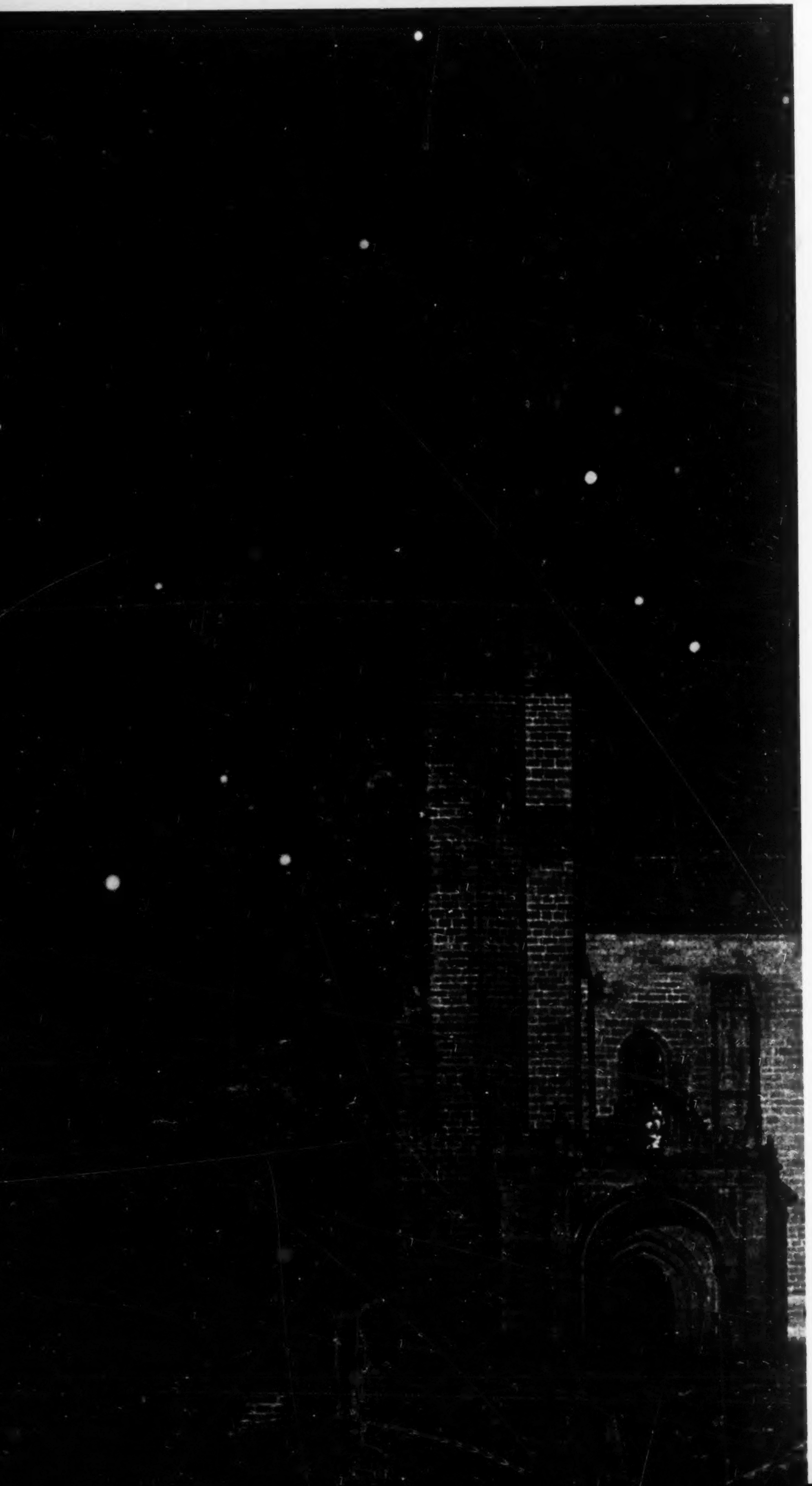
The treaty strictly limits which individuals and companies may take advantage of it. The purpose is to prevent non-U.S. and non-Spanish persons from benefitting from the treaty. For example, a Spanish corporation might not be entitled to treaty benefits if either 50% or more of its shares are owned by persons who are not Spanish or U.S. residents or U.S. citizens, or the company's gross income is used in substantial part to meet liabilities to persons who are not Spanish or U.S. residents or U.S. citizens.

OTHER PROVISIONS

Other key treaty provisions not described above address dependent and independent personal services, capital gains, non-discrimination, branch taxes and foreign tax credits. Overall, the treaty will stimulate trade and investment between Spain and the United States by reducing the risk of multiple taxation and by providing international businesses with a fair and stable tax environment within which to operate. ☐

JOHN C. JOST is a partner with Dow, Lohnes & Albertson, a law firm with offices in New York, Washington, D.C., and Atlanta, Georgia. Mr. Jost works extensively on international transactions for a number of firms investing and doing business in the United States and abroad. For further information call (202) 857-2500.

EDUARDO PEREZ DE VILLEGAS is an attorney with A. de Lapuerta & Asociados law firm in Madrid and is principally involved with U.S.-Spain trade and investment matters.



Heavenly Dreams

This Romanesque church is on the route to Compostela which literally means "Field of Stars."

Pilgrims have used these stars to help guide them to the tomb of the apostle St. James at Santiago de Compostela. Beginning in the 9th century, this remote corner of Galicia has been transformed into a place of pilgrimage for tens of thousands from all over the world.

You can follow the stars as the Pilgrims did and discover the true spirituality of Spain. Rich in historic, cultural and artistic treasures with a people friendly and generous. Its cuisine is varied from one region to the next and will no doubt leave you with an unforgettable experience.

Stay at one of Spain's unique "Paradores" and become part of Spain's magnificent history… first class accommodations in buildings of artistic or historical significance. Visitors have an opportunity to live in Spain's historic past while enjoying all the comforts of today.

Spain…The Dream Never Ends

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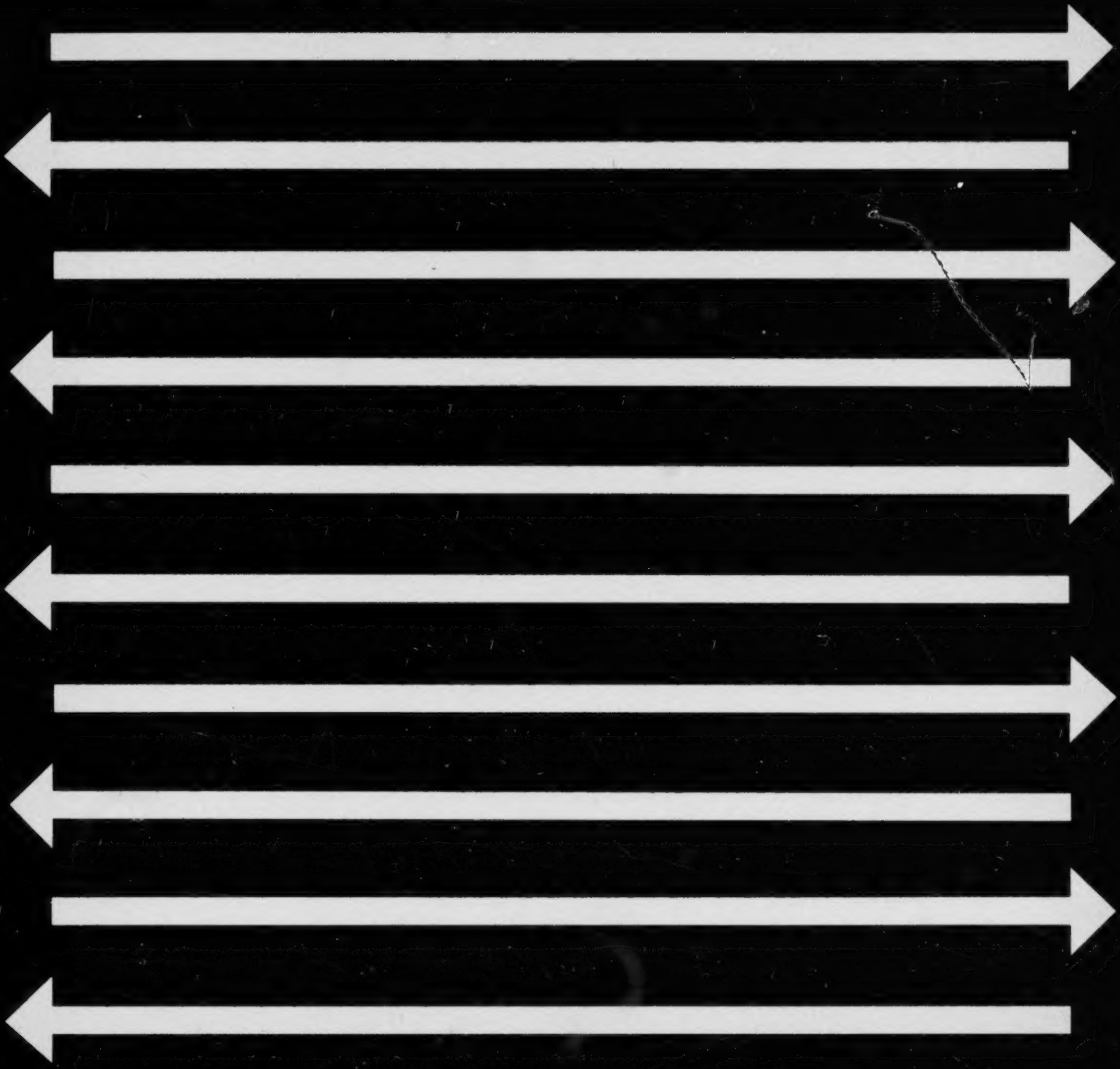

Pardon us for repeating ourselves.

But, when you do something well, you should do it again ... and again.

At the risk of repeating ourselves, our customers like what we do. And we've been doing it for almost a century.

Our modern, efficient container vessels transit the route between North America and Spain, Italy and the Mediterranean with regular and reliable frequency.

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"Best of Spain" 1991 Exhibit will Showcase World-Class Spanish Products and Services

By Karen Weiner Escalera

The fact that Spain produces world-class products and services has for too long been a "well kept secret" in the U.S. Spanish products and services have traditionally been marketed and bought here on price, rather than based upon their essential quality, prestige and value.

That should no longer be the case after "Best of Spain," the first exhibit of the finest products and services from Spain, which will be held in New York City in November, 1991.

"Best of Spain" was announced in Madrid in June at a press conference co-hosted by Mari Cruz Soriano, president of Enconsa Internacional, and Karen Weiner Escalera Associates. Articles about the exhibit subsequently ran in a number of major publications such as *El País* and *Independiente.*

The three-day "Best of Spain" event will feature a collection of 25 to 30 of the highest quality Spanish prestige products, specialty foods, wines, spirits and services. Selected "by invitation only," these world-class products and services will be showcased for influential trade and consumer audiences and the leading broadcast and print media.

Representing an investment that is expected to exceed $1 million, "Best of Spain" will generate strong consumer and trade awareness of specific Spanish products and services to increase their visibility and consumption in the U.S. market. Equally important, "Best of Spain" is designed to create a "trend-setting" image for Spanish goods by promoting them as being of unsurpassed quality, style, design and prestige.

"Best of Spain" will also include a companion exhibit featuring a display of unique and distinctive items from Spain's cottage industries such as lace, fashion, antiques and one-of-a-kind art works. All featured products and services will be displayed in characteristic "tableaux," designed to capture the Spanish culture, heritage and lifestyle.

A number of high-profile events and promotion activities have been planned around "Best of Spain." The exhibit will kick-off with a gala reception for Spanish and American VIP's and event participants. This will be followed by a major press briefing and news event, organized specifically to generate television news coverage. Overall, a comprehensive publicity program will ensure heavy media coverage of "Best of Spain" and the products and services of participating companies.

Complementary promotions, such as in-store marketing link-ups with major New York area retailers, a Spanish food festival and wine tasting, and tie-ins with important Spanish cultural events will further support the exhibit. A variety of customized marketing communications programs are available from the exhibit organizers, enabling Spanish companies to leverage this historic event to capitalize on the tremendous business and marketing opportunities in the U.S.

Of particular interest to Spanish designers is the "Best of Spain" logo design competition, now under way. The competition is open to Spanish designers of any age, located either in Spain or the U.S. The winner will receive a generous cash prize and will be invited as a guest to all "Best of Spain" events. ☐

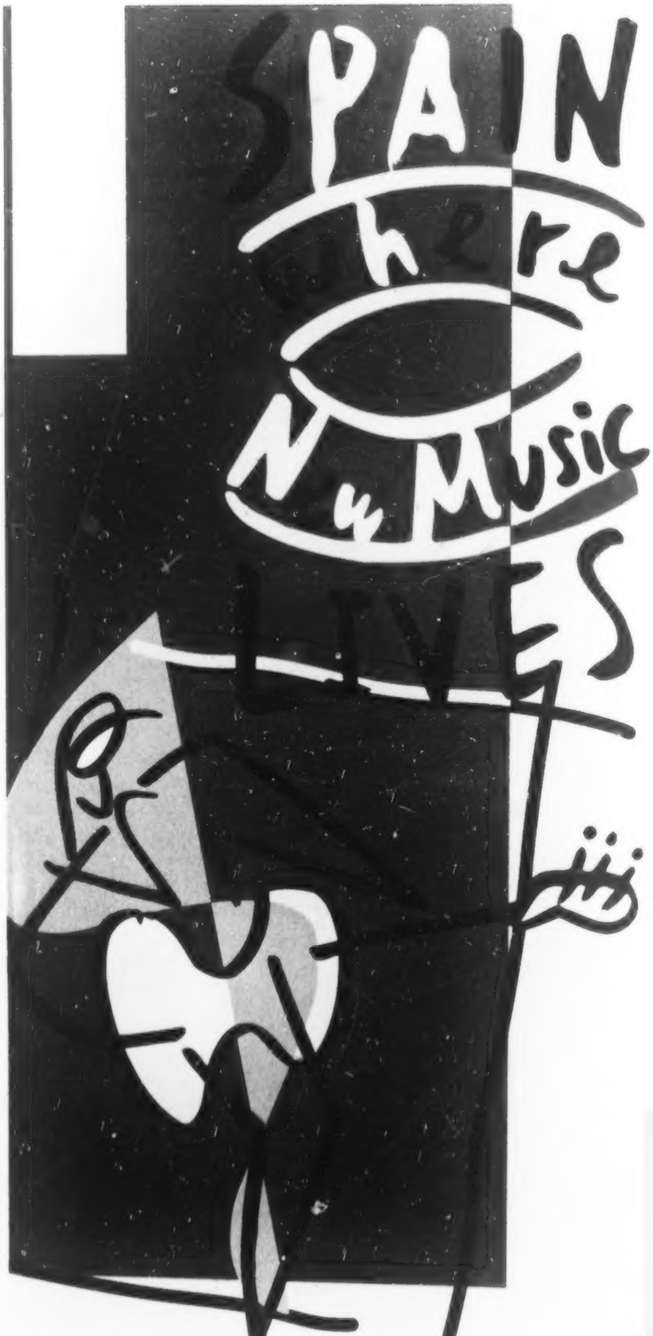
KAREN WEINER ESCALERA is president of Karen Weiner Escalera Associates, an international public relations and marketing communications firm which is the "Best of Spain" organizer for the U.S. In Spain, the co-organizer is Enconsa Internacional, headed by Mari Cruz Soriano. For information about participating in "Best of Spain" or the logo design competition, please contact Karen Weiner Escalera Associates in New York at (212) 255-7403 or Enconsa International in Madrid at 458-61-41 or 458-60-99.

NEW YORK'S NEW MUSIC SEMINAR

FEATURES

SPANISH FLAMENCO AND ROCK

AT THE PALLADIUM



On July 14, the 11th annual New Music Seminar sponsored "Spain: Where New Music Lives" at the Palladium night club in New York City. Ketama, Camarón de la Isla and El Ultimo de la Fila were chosen as the musical groups that best highlight the diversity and range of Spanish music today, from passionate and dynamic flamenco to rock-fused flamenco and rock. They played before a capacity crowd of 4,000.

Since its inception in 1979, the Seminar has become the most important international forum for the music industry, where new-sound and up-and-coming bands from around the world are invited to "debut" in New York City clubs before representatives from the music industry. This year over 8,000 delegates from 30 countries were involved in the six-day event. Both participants and Seminar organizers unanimously declared the "Spain: Where New Music Lives" night a success.

The first band, **Ketama**, clearly revealed classic forms of flamenco, the rumba and Afro-Latin rhythms. The sons of respected flamenco singers in Spain, José Soto and the brothers Juan and Antonio Carmona form the nucleus of the band. According to Peter Watrous, of the *New York Times,* Ketama reached an easy synthesis of flamenco and conventional pop styles, with bits of Brazilian music and salsa mixed in as well, and reflected the back-and-forth relationship Spain still has with its ex-colonies.

Ketama has played with flamen-

(CONTINUED ON PAGE 56)

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THE RISE OF
HISPANIC AFFLUENCE

Upscale Hispanics are a rapidly growing but unnoticed market.

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By William O'Hare

The mainstream media usually portray America's Hispanics as a group of impoverished, newly arrived immigrants from Mexico or Central America. The truth is more complex. A significant share of the Hispanic community has moved into affluence since 1970, and upscale Hispanic households are one of the nation's fastest-growing market segments.

Affluence means different things to different people, but most analyses put households with annual incomes of $50,000 or more in the affluent category. The number of Hispanic* households with an income of $50,000 or more (in 1988 dollars) grew from 191,000 in 1972 to 638,000 in 1988, a 234 percent increase.

Most of this increase occurred during the 1980s. The number of affluent Hispanic households grew by only 129,000 between 1972 and 1980, then gained 318,000 between 1980 and 1988. More than 2.6 million Hispanics live in these 638,000 affluent households.

In 1972, 7.2 percent of Hispanic households were affluent. That share grew to 8.2 percent by 1980 and 10.8 percent in 1988. It is a higher proportion than the share of black households that are affluent (9.8 percent) but much lower than the figure for white (23.2 percent). And only 1.3 percent of Hispanic households are in the super-affluent category, with annual incomes of more than $100,000.

A DIFFERENT MARKET

Among all Hispanic households, average income is low because the average incomes of recent immigrants are so low. However, the averages obscure the rapid growth of affluent Hispanics. Upscale Hispanics represent a growing but often underserved consumer market.

Affluent Hispanics are similar to other affluent groups in some respects, but their differences are important. Like most affluent households, Hispanics achieve affluence by having multiple paychecks. Of the 11.9 million Hispanic workers reported by the Census Bureau in 1988, only 211,000, or 1.8 percent, individually made more than $50,000. Of these, 84 percent were men. Of the 638,000 Hispanic households that were affluent in 1988, 504,000 of them were married couples.

Hispanic households tend to be larger than white households, and

The Hispanic Edge

Affluent Hispanics are a demographically distinct group.

(distribution of affluent Hispanics and affluent non-Hispanic whites by selected characteristics of householder, 1988)

	Affluent Hispanics	Affluent Whites
AGE		
15 to 24	10%	7%
25 to 44	54	40
45 to 64	25	25
65 and older	11	28
MARITAL STATUS		
Married	78%	82%
Widowed	3	3
Divorced/ separated	11	7
Never married	8	8
EDUCATION		
Less than high school	19%	6%
High school graduate	28	27
1 to 3 years of college	25	19
College graduate	29	48

	Affluent Hispanics	Affluent Whites
HOUSEHOLD SIZE		
1 person	3%	6%
2 people	19	33
3 or more people	78	61
TENURE		
Owner	74%	86%
Renter	26	14
REGION		
Northeast	18%	26%
Midwest	9	24
South	30	30
West	42	20
METROPOLITAN STATUS		
Central city	36%	24%
Suburbs	61	60
Rural	4	15

Source: *Current Population* Survey: *March 1989, Bureau of the Census*

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*In this article, the terms black and white refer to non-Hispanic blacks and non-Hispanic whites.

"Affluent Hispanics are similar to other affluent groups, but their differences are important."

affluent Hispanics are no exception. Seventy-eight percent of affluent Hispanic households include three or more people, compared with only 61 percent of white households. One-third of white households contain just two people, and 6 percent are people who live alone, compared with only 19 percent and 3 percent of affluent Hispanic households.

Affluent Hispanics are more likely than affluent whites to be young adults, and they are less likely to be aged 65 or older. Fifty-four percent of affluent Hispanics are aged 25 to 44, for example, compared with only 40 percent of affluent whites. Twenty-eight percent of affluent whites are aged 65 or older, compared with 11 percent of affluent Hispanics. This reflects the younger age structure of the Hispanic population in general.

Education is a powerful influence on the affluence of Hispanic households, but the averaged educational level of affluent Hispanics is still less than that of affluent whites. Almost half (48 percent) of affluent white householders have at least a four-year college degree, compared with only 29 percent of affluent Hispanic householders. Fully 19 percent of affluent Hispanic householders are high school dropouts, versus just 6 percent of whites.

WHERE THEY LIVE

Location is one of the major differences between affluent Hispanics and other affluent groups. Forty-two percent of all affluent Hispanic households are in the West, compared with only 20 percent of affluent white households. Only 9 percent of affluent Hispanics live in the Midwest, compared with one-quarter of affluent whites.

Affluent Hispanics are also twice as likely as affluent whites to live in a large metropolitan area. One-third of affluent Hispanics live in metropolitan areas of 1 million or more, partly because so many live in Los Angeles. While 15 percent of affluent white live in nonmetropolitan areas, only 4 percent of affluent Hispanics live outside of metros.

Within metropolitan areas, affluent Hispanics are much more likely than affluent whites to live in the central city. About 60 percent of both Hispanic and white affluent households are in the suburbs of large cities. But 36 percent of affluent Hispanics live in the central cities, compared with 24 percent of white. This may explain why only about three-quarters of affluent Hispanics are homeowners, compared with 86 percent of affluent whites.

The latest reliable data on affluent Hispanics within specific metropolitan areas are from the 1980 census. To locate pockets of affluence in the nation's metropolitan

(CONTINUED ON PAGE 56)

WHERE TO FIND

Affluent Hispanics

Hispanic affluence is greatest in Honolulu and Washington, D.C.

(percent of Hispanic households with incomes of $50,000* or more in 1989 dollars, in selected metropolitan areas, 1979)

Metropolitan Area	Percent Affluent	Metropolitan Area	Percent Affluent
1. Honolulu, HI	25.3%	22. Tucson, AZ	7.5%
2. Washington, DC-MD-VA	24.6	23. Phoenix, AZ	7.2
3. Detroit, MI	18.7	24. Albuquerque, NM	7.1
4. Nassau-Suffolk, NY	15.8	25. Philadelphia, PA-NJ	7.1
5. San Francisco-Oakland, CA	15.1	26. Austin, TX	6.5
6. San Jose, CA	14.8	27. Boston-Lowell-Brockton-Lawrence-Haverhill, MA	6.5
7. Anaheim-Santa Ana-Garden Grove, CA	14.2	28. Salinas-Seaside-Monterey, CA	6.3
8. New Orleans, LA	13.2	29. Stockton, CA	6.3
9. Miami, FL	11.5	30. Corpus Christi, TX	6.1
10. Houston, TX	11.3	31. Laredo, TX	5.7
11. Chicago, IL	10.9	32. Jersey City, NJ	5.5
12. Oxnard-Simi Valley-Ventura, CA	10.2	33. Bakersfield, CA	5.5
13. Newark, NJ	9.8	34. Bergen-Passaic, NJ	5.1
14. Tampa-St. Petersburg, FL	9.8	35. San Antonio, TX	4.8
15. Denver-Boulder, CO	9.3	36. New York, NY-NJ	4.7
16. Sacramento, CA	9.1	37. Fresno, CA	4.7
17. Los Angeles-Long Beach, CA	8.7	38. El Paso, TX	4.6
18. Santa Barbara-Santa Maria-Lompoc, CA	8.6	39. Las Cruces, NM	4.2
19. Riverside-San Bernardino-Oakland, CA	8.3	40. McAllen-Pharr-Edinburg, TX	3.6
20. San Diego, CA	8.2	41. Brownsville-Harlingen-San Benito, TX	3.5
21. Dallas-Fort Worth, TX	8.1	42. Visalia-Tulare-Porterville, CA	3.3

*$50,000 in 1989 dollars is roughly equivalent to $35,000 in 1979.
Note: Ranking is based on unrounded percentages.
Source: 1980 Census

Article 90 of the Treaty of Rome Strikes in Spain

Spain has until November to end a postal monopoly of international courier mail.

The Spanish government must end its postal company's monopoly over the rapidly growing market for international courier mail by November 1990.

According to the *Financial Times*, the EC found that Spain offers a very limited postal service, serving mainly big towns and a limited range of international destinations. Spain's service was also preventing international courier companies from operating within its borders. This was seen as "curbing" competition and threatening the Spanish service industry.

Under Article 90 of the Treaty of Rome, when public companies are found to be abusing their monopolies, the EC is allowed to intervene directly into a member state's jurisdiction without consulting other member states. Article 90 also allows Brussels, the capital of the EC, to enforce the November deadline.

This action exemplifies the European Commission's determination to liberalize markets as part of Project 1992, specifically in this case the member states' postal services. Similar cases of Article 90 infractions have occurred in West Germany, France, Belgium and Italy over the past few years. ☐

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Mediterranean Rice Festival Brings its Best to Manhattan

By Victoria M. Rogers

Paradis Barcelona, a stylish Spanish/Catalan restaurant located at 145 East 50th Street in Manhattan, will host New York's first annual fall Mediterranean Rice Festival, September 17 through October 12, 1990.

Executive Chef Joan Puig-Gros will be preparing twelve traditional and creative varieties of Catalán rice dishes, many which are an integral part of the Catalán culinary repertoire. Features include *Arroz A Banda*, steamed rice in a fish fumet, served separately with seafood, garnished with allioli; *Paella Parellada al estilo Costa Brava*, Costa Brava style of paella, saffron rice baked with squid, shrimp, fish, and chicken; *Arroz Vegetariano*, garden vegetables steamed and baked with broth and rice, a vegetarian delight; *Arroz con Setas y Caracoles*, rice baked with wild mushrooms and snails—a dish unique to the region of Catalonia.

Spain's largest rice grower, Nomen brand, will make its U.S. debut during this Festival. Experts in both the growing and culinary fields have met and discussed the perfect method of preparation for each type of rice to be featured in this special event.

To many, the cooking of Catalonia still remains one of Europe's undiscovered secrets. Rice, on the other hand, has been traced as far back as 2500 B.C. and is of fundamental importance to many cultures. Rice first made its way into Mediterranean cultures carried in the packs of Alexander the Great's troops returning from their invasion of the Orient. By the 18th century, rice had made its way to the Americas, becoming an established food.

Today, rice is the best way to experience the flavor of other foods. Combined with meats, seafood, vegetables, or simply broth, each grain of rice soaks up the flavors and carries them to our appreciative taste buds.

Considering rice's nutritional value and minimal fat content, it's no wonder it's everyone's favorite.

Paradis Barcelona offers semiannual food festivals in which food items native to Catalonia become the highlights of culinary masterpieces. In the early part of spring, wild mushrooms were featured in an array of dishes.

In the kitchens at Paradis Barcelona, emphasis on daily food preparation revolves around the use of garden vegetables, fresh fish and seafood, wild mushrooms native to our region of Catalonia, and of course, rice specialties.

"Tapas", the wonderful "little dishes of Spain", also play an important role in our menu. These festive small portions of tasty and inviting food items are available at all hours. Tapas such as our *Tortilla Española*, layered egg omelette with potatoes; *Chorizo al Cava*, spicy Spanish sausage simmered in a delicate cava sauce, bread rubbed with tomato and topped with cured ham; or *Gambas al Ajillo*, sizzling shrimp served in a clay dish piping hot in garlic and olive oil, are all favorites. ☐

VICTORIA ROGERS is the commercial manager of New York's Paradis Barcelona Restaurant. Other Paradis Barcelona restaurants are in Barcelona and Madrid.

This article appears as a paid contribution.

NEW MUSIC SEMINAR FEATURES SPANISH FLAMENCO AND ROCK

(CONTINUED FROM PAGE 50)

co artists, as well as with jazz, salsa and African musicians such as Don Cherry, Ray Baretto and Toumani Diabate.

The up-beat ambience of the show toned down to feature the classic flamenco interpretation of the extremely popular Andalucian gypsy singer **Camarón de la Isla** and his talented guitarist, Tomatito. His music retained an inflexible meter and in no way resembled the musical simplicity of pop. With his cries of emotion and passion, reaching varying degrees of intensity, Camarón sang about various types of love, always with virtuosity.

The third set sped up considerably with **El Ultimo de la Fila.** The band featured Quimi Portet and Manolo Garcia, among others, who combined the fundamentals of rock with the magic touch of southern Spain. In 1988 the band participated in the Amnesty International tour alongside Bruce Springsteen, Peter Gabriel, Tracy Chapman and Youssou N'Dour. This time, in the New Music Seminar, they were the grand finale for the night.

For further information about the New Music Seminar, please call (212) 473-4343. ☐

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THE RISE OF HISPANIC AFFLUENCE

(CONTINUED FROM PAGE 53)

areas, I examined the share of Hispanic households with incomes of $35,000 or more in 1979, which is roughly equivalent to an income of $50,000 or more in 1988. This analysis revealed that the metropolitan areas where Hispanic households are most likely to be affluent are not the areas with the largest Hispanic populations. In fact, the share of Hispanic households with 1979 incomes of $35,000 or more was lower in metropolitan areas where Hispanics made up a large share of the total population.

At the top of the list is Honolulu, where more than one-quarter of all Hispanic households had incomes of more than $35,000 in 1980. Honolulu is followed by Washington, D.C., Detroit, and Nassau-Suffolk, New York. Despite Miami's relatively affluent Cuban community, that metropolitan area ended up ninth in this ranking. And almost all of the metros at the bottom of the list are heavily Hispanic and located in the Southwest. In Brownsville-McAllen, Texas, and Visalia, California, fewer than 4 percent of Hispanic households had 1979 incomes of $35,000 or more.

The number of affluent Hispanics is growing because Hispanics are becoming a larger share of our population, and also because an ever-growing share of Hispanics are moving up in U.S. society. Like other groups, most affluent Hispanic households are married couples where both husband and wife work. But affluent Hispanics are heavily concentrated in the West, in large (1 million plus) metropolitan areas, and in central cities. The remarkable economic strides Hispanics have made in the 1980s should show up when the 1990 census results are released beginning next year. With those data in hand, marketers will be able to reach affluent Hispanics neighborhood by neighborhood. ☐

WILLIAM O'HARE is the director of policy studies at the Population Reference Bureau in Washington, D.C., and a contributing editor of *American Demographics.*

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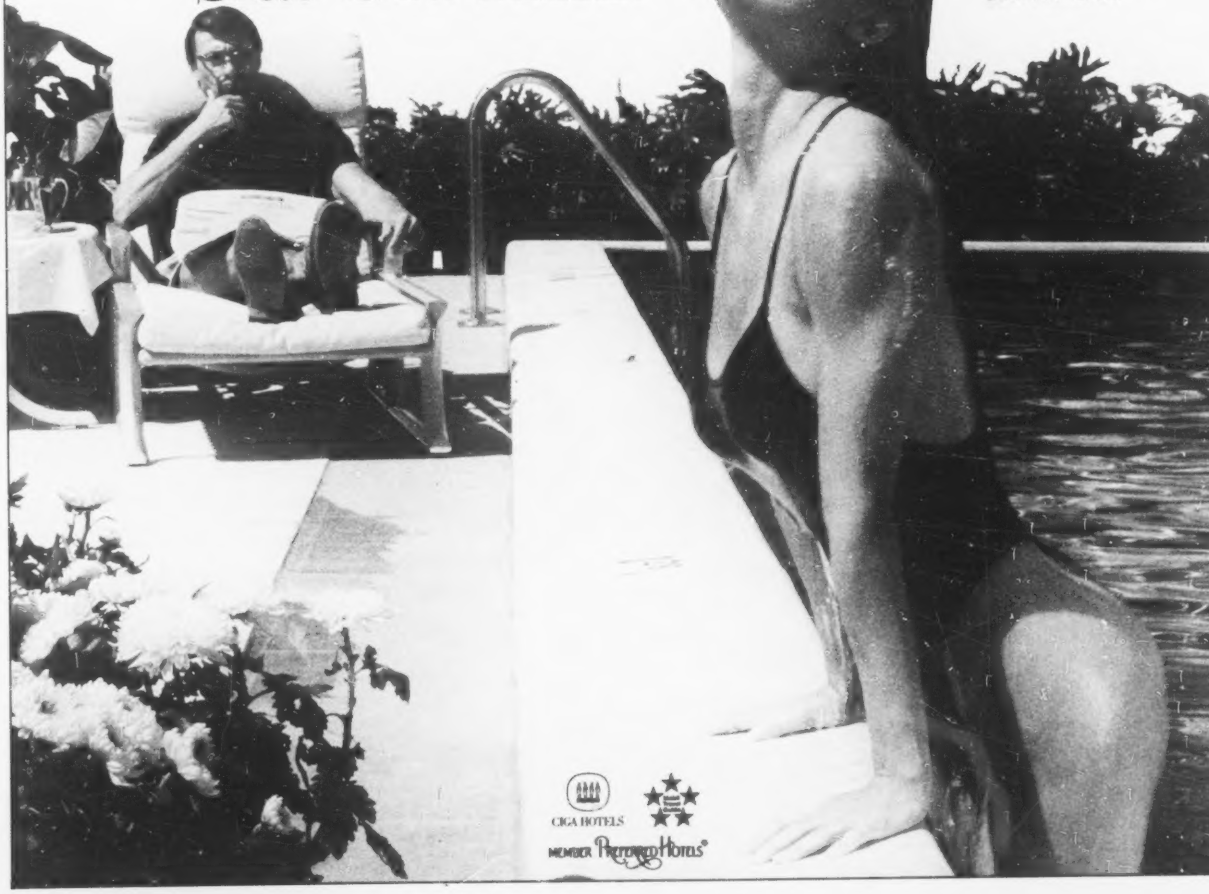

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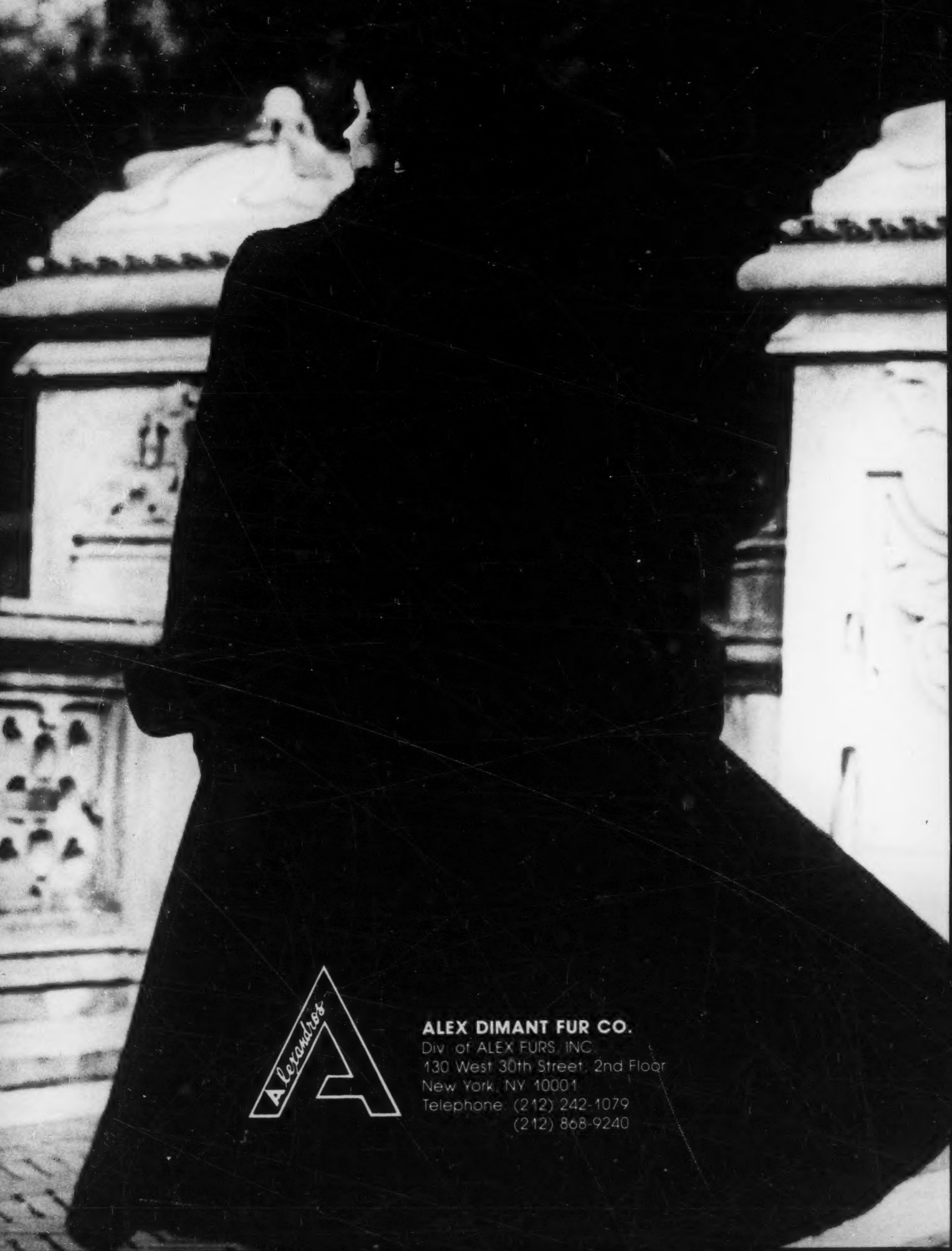

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Stateless Corporations in a World with Borders

"Coping with the all-but-inevitable confrontations between the stateless corporation and the state will be extremely difficult, indeed impossible, until the dilemma of "Who Is Us?" is resolved.

By Nancy F. Smith

Hewlett-Packard, the quintessential American high-tech corporation from California's Silicon Valley, gets more than half of its revenues outside the United States. Not surprising, you might say. Lots of American companies have moved offshore, often prompting alarm throughout Europe and Asia over *Le Défi Américain*. What is surprising is that Hewlett-Packard now has 40 percent of its assets and a third of its work force abroad; that it has moved its entire Vectra PC operation lock, stock, and paper clips to Grenoble, France; that it has spread its critical R&D work as far from the Silicon Valley as Guadalajara, Mexico, and Barcelona, Spain.

The fact is, the Hewlett-Packard of the 1990s is not just another old-line multinational with offshore assembly plants exploiting local labor and tax havens. It is a full-blown member of the new global economy. Linked via its own worldwide telecommunications network and run by an international management team, H-P's far-flung operation is an early leader among the so-called stateless corporations.

And Hewlett-Packard isn't alone. Toyota, Honda, Canon, and Sony now have extensive operations outside of Japan, manned for the most part by non-Japanese workers. European-rooted giants such as Asea Brown Boveri, Philips, SmithKline Beecham, Bayer, and Hoechst not only earn two-thirds or more of their revenues outside their home countries but also are 40 percent to 50 percent owned by foreign shareholders. Germany's Siemens boasts 34,000 employees in North America. By the same token, American companies like IBM, General Motors, Ford, Dow Chemical, and Merck are spreading out so rapidly around the globe and blending into local economies so effectively that they are shedding their U.S. identities among foreign customers, competitors, and politicians.

So how do governments view these entities? Many have been caught flatfooted by the speed of the cross-border buildup or have chosen to ignore it. But now the time has come when governments must deal with the thorny, conflicting issues posed by stateless corporations. Writing recently in the *Harvard Business Review*, Professor Robert Reich summed up the quandary facing political leaders rather succinctly: In the new global economy, no one seems to know "Who Is Us?"

If, for example, Company A is headquartered in the U.S., but most of its employees are not, and Company B is headquartered in Japan but employs thousands of Americans working in American factories making products to be marketed, at least in part, in America, "Who is Us?" Reich asked. Is the American-ness or the Japanese-ness of the company determined by its address or by the locations of its factories and the nationality of its work force? Should political decisions that are promulgated to encourage domestic competitiveness favor companies with local headquarters or with local factories? In a borderless economy, what of *political* borders?

Reich would argue that the location of the corporate headquarters is far less important than the nationality of its work force. And government policies should be designed to protect the local work force, not the local corporation. For example, should the government decide to subsidize R&D in a given industry, it should not exclude an R&D facility within its borders simply because the lab's parent company resides in a foreign city.

But old political habits die hard. Coping with the all-but-inevitable confrontations between the stateless corporation and the state will be extremely difficult, indeed impossible, until the dilemma of "Who Is Us?" is resolved. Now decisions made to protect or subsidize a "local" corporation at the expense of a "foreign" one may have the effect of helping a "foreign" work force and hurting the "local" work force. Local content regulations may drive a "foreign" corporation and local employer out of a country. Furthermore, large global companies are perfectly capable of circumventing most regulations. Merck, blocked from selling its drugs in Brazil, got the green light when it agreed to form a drug-making subsidiary through a joint venture with a local partner. Honda, excluded from selling cars in Korea, Israel and Taiwan, simply began exporting its products from a U.S. subsidiary. The trade policies of these countries were effectively thwarted, and the U.S. government played a hand in the subversion.

In all the confusion, the corporations are gaining the upper hand. Does it matter? Yes. Governments must be able to address the common interests of their citizens—national security, environmental protection, taxation, commerce in arms, to name a few—without having their policies so easily circumvented. But to do so, they must first recognize that corporations are no longer subservient to governments and that the "Us" they've been addressing may not be "Us" at all. □

NANCY F. SMITH is Executive Editor at *Business Month* magazine in New York City.

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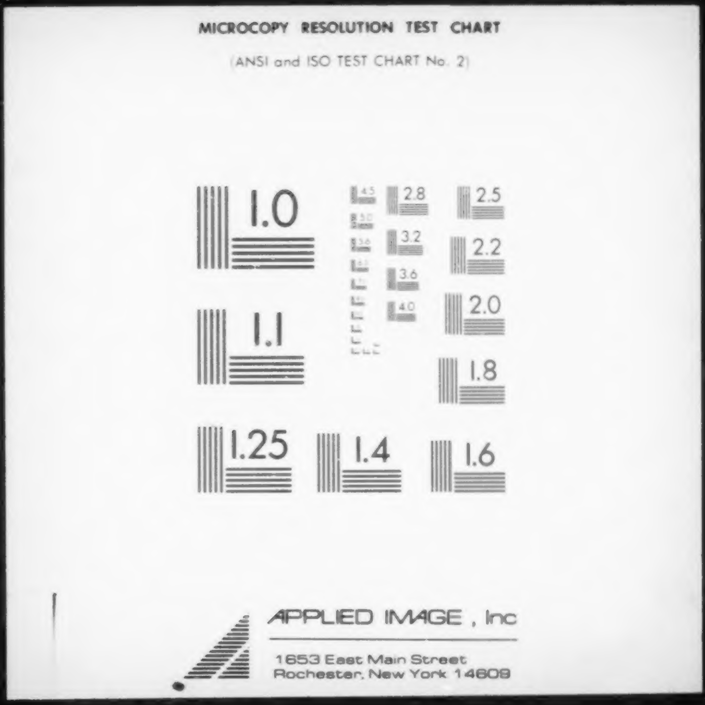
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